



Office of Inspector General
U.S. General Services Administration

Semiannual Report to the Congress

October 1, 2005 - March 31, 2006

GSA's SIGNIFICANT MANAGEMENT CHALLENGES

The Congress requested the Inspectors General of major Federal agencies to report on the most significant management challenges facing their respective agencies. Our strategic planning process commits us to addressing these critical issues. The following table briefly describes the challenges we have identified for GSA and references related work products issued by the GSA OIG and discussed in this semiannual report.

CHALLENGES	BRIEF DESCRIPTION OF CHALLENGE	PAGE
ACQUISITION PROGRAMS	Merging GSA's procurement organizations will yield a single acquisition service that will award and administer governmentwide contracts worth \$40 to \$50 billion. With growing programs and shrinking numbers of qualified acquisition personnel, attention to important fundamentals, such as ensuring competition and meaningful price analysis, has diminished.	2 – 4
CONTRACT MANAGEMENT	GSA's multibillion dollar acquisition programs have expanded rapidly in terms of sales, variety, and complexity of the procurements performed. A growing list of warning signs throughout the acquisition process suggests that the technical and management skills needed by the procurement workforce to operate in this more sophisticated arena are not keeping pace with these new demands.	4 – 6
INFORMATION TECHNOLOGY	Technology applications have increased exponentially as "E-Gov" is used to better manage operations and interface with the public, but complex integration and security issues exist.	6 – 12
MANAGEMENT CONTROLS	Management controls have been streamlined, resulting in fewer and broader controls, making it essential that the remaining controls be emphasized and consistently followed. The need for strong internal controls underlies several of the other management challenges.	13 – 15
AGING FEDERAL BUILDINGS	GSA is being challenged to provide quality space to Federal agencies using an aging, deteriorating inventory of buildings and facing critical budgetary limitations in its modernization program.	15 – 16
PROTECTION OF FEDERAL FACILITIES AND PERSONNEL	GSA is responsible for protecting the life and safety of employees and public visitors in Federal buildings. The increased risks from terrorism have greatly expanded the range of vulnerabilities. A broadly integrated security program is required.	No Reports This Period
HUMAN CAPITAL	GSA has an aging workforce and is facing significant loss of institutional knowledge due to retirements, including a loss of key management staff over the past year. Better recruitment and training programs are needed to develop the 21st century workforce.	No Reports This Period

Foreword

Throughout this first year of my tenure as Inspector General, I have sought ways to build on the office's many strengths. We are engaged in a strategic planning effort to identify and prioritize additional goals and tasks that will enable the office to apply to new circumstances its steady competence, integrity, and vigor.

Continuing developments in information technology present both opportunities and challenges for our office and our Agency. We are developing the systems we will need to keep up with progress in the field, and we are strengthening our internal structure to meet new challenges in ways that maintain the capacity and independence of the office.

Expertise and independence can also be enhanced through coordination with other agencies. We will continue to work with the IG community, the Department of Justice, and other agencies to learn from them and work with them on projects of mutual concern.

For example, we have gone to considerable lengths to participate in the post-Katrina interagency task force effort on both the audit and investigative fronts. While we have had to defer other work in our normal portfolio to do this, it has been important for us to work with the many other agencies dealing with the aftermath of the hurricane and response efforts.

Even in our highly technological and ever-changing age, however, it is important to maintain an appreciation for what is truly important: our people. We strive to create a work environment that provides all of our team members challenging assignments and affords each the opportunity to grow personally and professionally. Standards of fairness, integrity, and equity are the core principles guiding how we conduct business and how we want to be viewed by others. We believe firmly in the effectiveness of leading by example.

In our efforts to protect the integrity of GSA programs over the 6-month reporting period ending March 31, 2006, we made 372 referrals for criminal prosecution, civil litigation, and administrative action. Criminal cases originating from OIG referrals resulted in 63 successful prosecutions. Criminal prosecution is the ultimate weapon against fraud, waste, and abuse. During this period, we also identified over \$240 million in financial recommendations on how funds could be better used. We achieved over \$724 million in management decisions agreeing with audit recommendations, civil settlements, and direct recoveries.

On a personal note, I wanted to express the honor that I feel in representing the people of the United States of America as an Inspector General. Inspectors General hold a special trust to make sure that the taxpayers are getting the most from their hard-earned tax dollars. I also want to express my appreciation for the accomplishments of all of the OIG employees and commend them for their continued professionalism, dedication, and willingness to accept new challenges. Finally, I want to express my appreciation to Congress and OMB, as well as to the senior management of GSA, for their support over this past year.



Brian D. Miller
Inspector General
April 28, 2006

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This semiannual report may be accessed on the Internet at the following address: <http://www.gsa.gov/inspectorgeneral>

Summary of OIG Performance

OIG Accomplishments

October 1, 2005 – March 31, 2006

Total financial recommendations \$248,027,395

These include:

- Recommendations that funds be put to better use \$240,177,561

- Questioned costs \$7,849,834

Audit reports issued 85

Referrals for criminal prosecution, civil litigation, and administrative action 372

Results Attained

Management decisions agreeing with audit recommendations, civil settlements, and court-ordered and investigative recoveries \$724,644,147

Indictments and informations on criminal referrals 40

Cases accepted for criminal prosecution 39

Cases accepted for civil action 7

Successful criminal prosecutions 63

Civil settlements and judgments 8

Contractors/individuals debarred 17

Contractors/individuals suspended 20

Employee actions taken on administrative referrals involving GSA employees 7

Executive Summary

During this period, the OIG continued to direct its audit, investigative, and evaluative resources to address what we believe to be the major management challenges facing the Agency. We provided a wide variety of services, including program and financial audits; management control assessments; contract reviews; and investigative coverage and litigation support in civil fraud and enforcement actions, criminal prosecutions, contract claims, and administrative actions. We also continued to provide professional assistance services and reviews of proposed legislation and regulations.

Management Challenges

We have highlighted a number of reviews that address major management issues facing GSA. We continued our work in addressing these challenges, making recommendations, and working with management to improve Agency operations. During this period, our efforts included work focusing on acquisition programs, contract management, information technology (IT), management controls, and aging Federal buildings.

Acquisition Programs

FTS Contracting Practices and Agency Improvement Actions

Since FY 2002, we have been performing reviews of contracting practices at the Federal Technology Service's Client Support Centers (CSCs). CSCs help customer agencies define their IT requirements, identify sources of products or services, prepare task orders, and assist in managing projects. In FY 2005, CSC procurements exceeded \$3.6 billion, with Department of Defense (DoD) customers representing about 84 percent of the business. As part of our continuing effort on reviewing CSC contracting practices, we performed a 2005 joint review, with the DoD OIG, of each CSC to determine compliance with defense procurement requirements. We found that 11 of the 12 CSCs were not compliant but were making significant progress toward becoming compliant, and 1 was compliant. We are currently conducting follow-up testing of controls, jointly with the DoD OIG, to test the effectiveness of both GSA and DoD procurement improvements, and whether the 11 CSCs are now compliant (page 2).

Significant Cost Overruns In the Western Distribution Center Relocation Project

In 2003, the Federal Supply Service (FSS) relocated the Western Distribution Center operations to a more modern facility. In our review of the relocation project, we found that the procurement was inadequately competed and administered, contributing to cost overruns of 72 percent of the original cost estimates. The total cost of the project was in excess of \$39 million, far higher than the \$22.7 million estimate. The cost overruns are due in part to: an abbreviated solicitation schedule that did not adequately allow for competitive proposals; FSS using an incorrect

Executive Summary

procurement vehicle; and a significant amount of Other Direct Costs being added without adequately documenting price reasonableness. Better internal controls could have significantly reduced the cost overruns (page 3).

Contract Management

Limited Use of PBS Facility Management Schedules

The FSS Center for Facilities Maintenance and Hardware established the Facilities Maintenance and Management Schedules in January 2003. The services offered include fire alarm maintenance, elevator maintenance, landscaping, and complete facilities management and maintenance. We found that PBS employees were not using the FSS schedules extensively. Some employees believe the schedules do not save time or money, while others encountered obstacles in trying to use the schedules. Further, Public Buildings Service (PBS) staff expressed concerns that there were not enough individual vendors on schedule to provide adequate competition (page 5).

Disputed Fuel Use Charges Between GSA Fleet and DoD Exceed Millions Annually

GSA Fleet currently leases over 185,000 vehicles to numerous Federal agencies. Under its standard lease agreement, Fleet provides fuel for these vehicles via a charge card for use at commercial gas stations. However, many DoD employees purchase fuel at Defense Energy Support Center (DESC) stations located on military bases. The differences between GSA Fleet and DoD purchase procedures result in billing discrepancies totaling millions of dollars annually. For example, in FY 2003 the disputed bills totaled \$12 million. During our review we found that currently, the disputed bills are about \$1.7 million. We believe this problem can be corrected by developing a centralized electronic billing and payment procedure (page 5).

Information Technology

Review of IT Controls of 10 Systems Reveals the Need for Increased Security Protection

In January 2006, we issued 10 restricted letters to system owners and the GSA Chief Information Officer detailing the results of our system specific security control assessments, including technical control weaknesses identified through our automated vulnerability scanning. We performed vulnerability scanning on 337 system devices within these 10 systems and identified 140 critical, 63 major, and 57 minor level vulnerabilities. We found incomplete implementation of GSA's certification and accreditation and plan of action and milestone processes, inadequate contingency planning, inconsistencies with vulnerability identification and patch management, and instances of incomplete background checks for contractors operating GSA

Executive Summary

systems. System security officials informed us that actions necessary to mitigate the system control vulnerabilities we identified are underway (page 6).

Major FSS System Lacks Sufficient Disaster Contingency Planning

Federal Supply System 19 (FSS-19) is a mainframe based computer system which supports over 200,000 customers across government who use this system to purchase products for government use. We reviewed whether the FSS-19 system contingency planning efforts were sufficient to recover system operations within the range of possible disruptions, from a short-term disruption through a long-term disaster. Although FSS has relied on a business recovery plan for the mainframe computer, it has not yet developed a comprehensive FSS-19 specific IT contingency plan to cover all system components and procedures. We also noted that damage assessment procedures have not been identified, nor have comprehensive training and test plans been developed for contingency planning personnel (page 7).

Federal Procurement Data System Needs Improvement to Provide Accurate and Complete Reporting on Federal Contracting Activities

The newly developed Federal Procurement Data System–Next Generation (FPDS–NG) collects, processes, and disseminates official statistical data on Federal contracting activities of more than \$2,500 and serves as the central repository for Federal contracting actions. Our review disclosed certain contract and system requirements had not been addressed and discrepancies existed in some data elements in the system, raising concerns about the reliability of data. In addition, the system could not generate some key statistical reports for users. We also found security related problems with insufficient background checks for supporting contractors, and a need for a more comprehensive approach to monitoring security risks with the system (page 8).

GSA-Preferred System Development Fatally Flawed

In August 2002, GSA awarded a task order for the design, development, and technical support of a single, integrated system to replace existing major systems and databases used to support the FTS IT Solutions national and regional business programs. The system was created to allow GSA to better serve the Federal customer with up-to-date project management and financial data for task and delivery order solutions. In a 2004 review, we identified several areas of project and technical risk, including system interface issues with GSA's financial system. Although nearly \$100 million had been obligated for GSA-Preferred, the project was behind schedule and over budget, and was failing to meet user requirements. The Agency subsequently awarded a task order for an independent assessment of GSA-Preferred. Following the issuance of the consultant's advisability report in January 2006, GSA decided to discontinue the implementation of GSA-Preferred. A migration process is now underway to ensure that the data used by GSA-Preferred is accurately transferred back to the legacy systems.

Executive Summary

In addition to the review of the GSA-Preferred System development, we received a referral from GAO's FraudNET Operations, alleging mismanagement of certain task orders and unauthorized user requests directed to the contractor, the contractor working without approved funding, and contractor employees traveling without proper authorization. We reviewed the Hotline complaint and concluded the allegations were valid, including \$1.62 million in unapproved contractor employees' travel expenditures (page 9).

E-Gov Travel Initiative—Funding, Schedule, and Performance Risks

The E-Gov Travel Initiative, part of the President's Management Agenda, was established to provide a governmentwide, Web-based service that standardizes, automates, and consolidates the Federal Government's travel process and improves cost effectiveness and customer satisfaction. Full deployment across government is mandated by September 2006. The E-Gov Travel Program Management Office (PMO) was established within GSA to centrally manage the initiative and to help agencies transition to the new E-Gov Travel Services (ETS). It was anticipated that by the end of FY 2007, the PMO would be fully funded by the GSA Industrial Funding Fee (IFF). However, our review disclosed that in FY 2005, IFF revenues were significantly less than anticipated, and the PMO is projecting similar revenue shortfalls in FY 2006 and beyond. Further, although the PMO has developed and implemented several effective management practices to provide adequate oversight of the E-Gov Travel Initiative and support agencies in transitioning to ETS, many agencies are having difficulty meeting deployment schedules. The E-Gov Travel Initiative also did not meet all performance measurement targets. Based on our review, we believe the PMO should have exercised a more aggressive approach in tracking and helping agencies with deployment problems (page 10).

Management Controls

Tenant Improvements—Better Oversight and Tracking Needed to Recover Costs

When the PBS leases space for agency customers, it provides them with a tenant improvement (TI) allowance to outfit the space with finishes and fixtures that raise it from a base building to a finished, usable condition that meets the agency's unique needs. Tenant improvement costs are then recaptured from the tenant either as part of the monthly rental rate charged by GSA, or as a lump sum Reimbursable Work Authorization (RWA). Our review of tenant improvements in three GSA regions disclosed that PBS' customers do not always receive the full benefit of the TI allowances and there was no assurance that all TI costs were captured and passed on to the tenant agency. We also found instances of costs and rent credits being amortized beyond the firm term of the lease, and identified 10 RWAs used for projects and purposes that were inconsistent with the initial intent of the RWA (page 14).

Executive Summary

Aging Federal Buildings

Building Health Index Should be Expanded to Cover Leased and Delegated Facilities

The PBS is responsible for over 8,600 owned and leased facilities throughout the country, each of which has potential environmental and health concerns. As part of its Environment Management Program, PBS developed the environmental risk index (ERI), a tool designed to measure environmental, health, and safety risks in 13 areas, such as hazardous waste, asbestos, and indoor air quality, for all government-owned buildings. Our review found that the scope of ERI needs to be expanded to include leased and delegated facilities, and the database needs several application controls to increase reliability and accuracy of results. In addition, PBS needs to ensure that tenants whose activities pose greater risks to the environment need to clearly understand their responsibilities regarding environmental hazards. The Environment Program's National Office needs to play a stronger role in ensuring that the environmental program initiatives are coordinated and implemented nationwide (page 15).

Promoting and Protecting Integrity

This period we received criminal, civil, and administrative monetary recoveries totaling more than \$46 million. Our work involved a wide variety of criminal and civil investigations and reviews, and participation in joint task forces with other Federal law enforcement agencies.

Criminal Actions—Highlights

A joint investigation by the OIG, the Federal Bureau of Investigation, and the Department of Defense Criminal Investigative Service led to the conviction of Congressman Randall “Duke” Cunningham for accepting nearly \$2.5 million in cash and favors for steering Pentagon business to MZM Incorporated, a government contractor. Congressman Cunningham resigned from public office and pled guilty to tax evasion and conspiracy and was sentenced to 8 years and 4 months imprisonment, 3 years probation, ordered to pay restitution in the amount of \$1,851,508, and to forfeit equivalent substitute assets up to this amount. The contractor also pled guilty to conspiracy, use of interstate facilities to promote bribery, and election fraud (page 17).

A GSA FTS director and deputy director pled guilty to bribery and conspiring to submit false claims by conspiring with the president of a GSA contractor, to create task orders in which little or no work was performed (page 17).

The president of GSA contractor Gate Engineering Corporation was found guilty of paying off the technical services supervisor at Tricon Restaurants International in exchange for Tricon awarding electrical contracts to Gate. In addition, the attorney in the Gate case was found guilty by a Federal jury of conspiracy, witness tampering, and obstruction of an investigation (page 18).

Executive Summary

A Department of Veterans Affairs (VA) employee pled guilty to bribery and the owner of an auto company pled guilty to fraudulently accepting payments from VA and to bribery of a government official. The owner agreed to pay the government over \$27,000 in restitution, as well as \$150,000 for the cost of the investigation and prosecution of this matter (page 19).

The owner of World Class Collision defrauded the government by submitting false and fraudulent estimates for vehicle repairs. Also, the owner of A-Park Auto Body and Towing in Philadelphia, Pennsylvania, was found guilty of defrauding the government by submitting false and fraudulent estimates for vehicle repairs and for possession of firearms by a convicted felon (page 19).

The owner and operator of two real estate businesses pled guilty to making false statements in connection with the two buildings he leased to the Federal Government and agreed to pay \$533,265 to settle the civil false claims charges (page 20).

A former GSA contracting official pled guilty to charges of awarding contracts to a firm in which her husband had a financial interest. She was ordered to pay restitution of \$161,000 (page 20).

A GSA manager pled guilty to possession of child pornography. The manager was suspended and sentenced to 18 months supervised probation, no unsupervised contact with anyone under the age of 18, and no personal computer at home or Internet access (page 22).

Civil Actions—Highlights

Four GSA contractors, Ernst & Young, International, Inc., KPMG Consulting, Inc., Bearingpoint, and Booz Allen Hamilton Inc. agreed to pay a total of \$25,608,977 to settle separate *qui tam* complaints relating to overcharges on travel-related expenses. The complaints alleged that the contractors routinely failed to pass along to the government the post-transaction rebates they received from travel providers such as airlines, hotels, rental car companies, travel service providers, and credit card companies (page 24).

Two companies that provide office supplies to government customers paid the government \$12.4 million collectively to settle allegations that they violated the Trade Agreements Act by selling numerous office products to the government under their GSA contracts that were sourced from impermissible countries of origin (page 25).

Insight Public Sector, Inc. agreed to pay \$1,000,000 to settle its potential civil False Claims Act liability for allegedly misrepresenting one of its companies as a small business to GSA contracting officials in the course of responding to a solicitation (page 25).

Executive Summary

Tanadgusix Corporation (TDX) and Marisco, LTD (Marisco) agreed to pay a \$450,000 settlement in civil False Claims Act damages for violating the terms under which it purchased a floating dry-dock from the GSA's surplus property program (page 25).

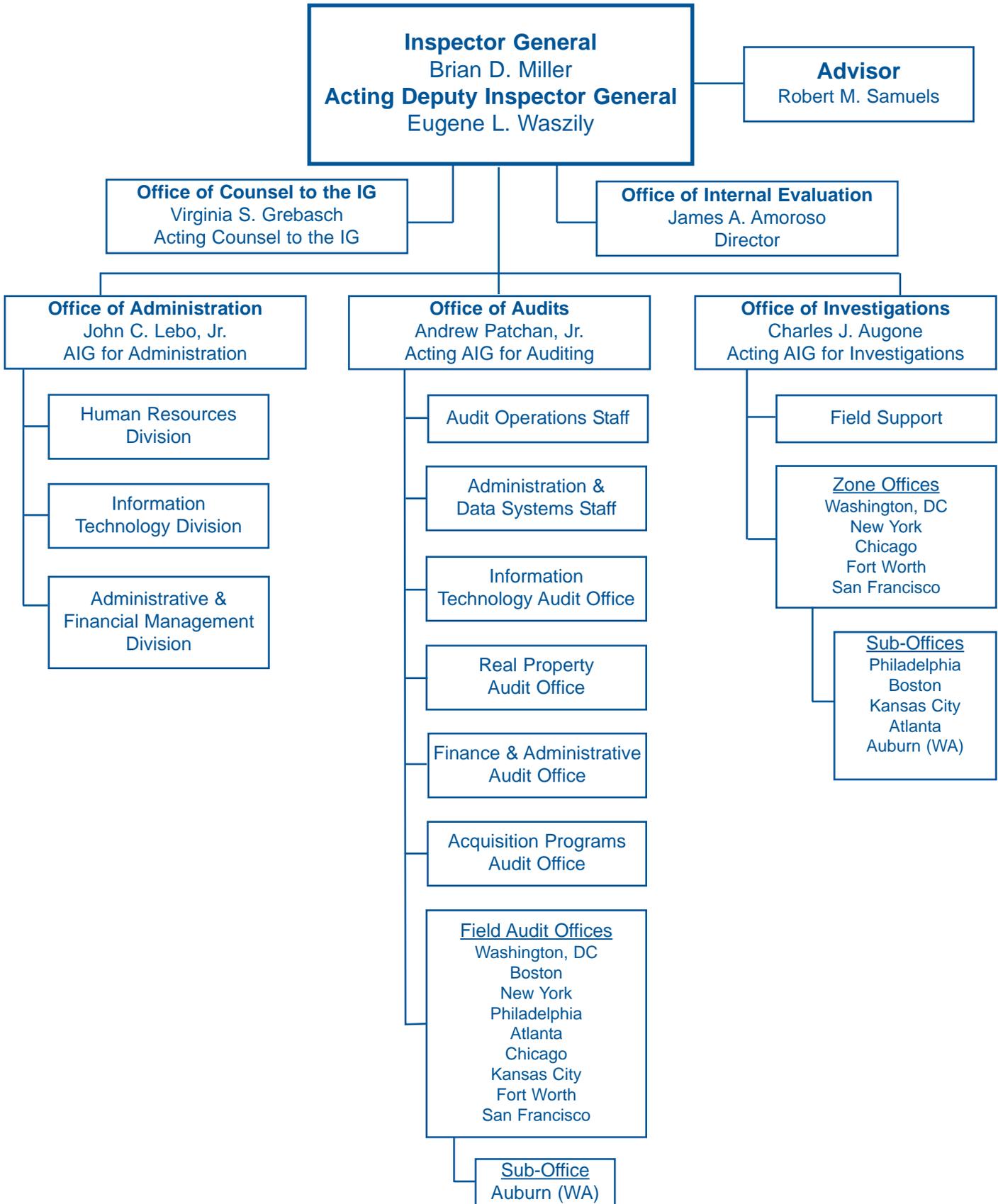
Raised Floor Installation, Inc. was ordered to pay the government \$106,000 in connection with the civil fraud complaint brought by the U.S. Attorney's Office. The investigation revealed that flooring installed by the contractor did not meet contract specifications and the contractor submitted false claims to GSA totaling \$60,000 (page 26).

Holiday International Security, a company that provides guard services for Federal detainees at various hospitals under a PBS contract, agreed to pay \$80,000 to resolve charges it billed for services not provided and for forging hourly work reports (page 26).

Summary of Results

The OIG made over \$248 million in financial recommendations to better use government funds; made 372 referrals for criminal prosecution, civil litigation, and administrative actions; reviewed 149 legislative and regulatory actions; and received 991 Hotline contacts. This period, we achieved savings from management decisions on financial recommendations, civil settlements, and investigative recoveries totaling over \$724 million. (See page v for a summary of this period's performance.)

OIG Organization Chart



OIG Profile

The GSA OIG was established on October 1, 1978 as one of the original 12 OIGs created by the Inspector General Act of 1978. The OIG's five components work together to perform the missions mandated by Congress.

Organization

The OIG provides nationwide coverage of GSA programs and activities. Our components include:

- **The Office of Audits**, an evaluative organization staffed with auditors and analysts who provide comprehensive coverage of GSA operations through program performance reviews, assessment of management controls, and financial and compliance audits. The office also conducts external reviews in support of GSA contracting officials to ensure fair contract prices and adherence to contract terms and conditions. The office additionally provides research, benchmarking, and other services to assist Agency managers in evaluating and improving their programs.
- **The Office of Investigations**, an investigative organization that conducts a nationwide program to prevent, detect, and investigate illegal and/or improper activities involving GSA programs, operations, and personnel.
- **The Office of Counsel**, an in-house legal staff that provides legal advice and assistance to all OIG components, represents the OIG in litigation arising out of or affecting OIG operations, and manages the OIG legislative/regulatory review.
- **The Office of Internal Evaluation**, a quality control staff that provides management assessments of OIG operations and conducts internal investigations and reviews at the direction of the Inspector General.
- **The Office of Administration**, a professional staff that provides information technology, budgetary, administrative, personnel, and communications support and services to all OIG offices.

Office Locations

The OIG is headquartered in Washington, DC, at GSA's Central Office Building. Field audit and investigation offices are maintained in Boston, New York, Philadelphia, Atlanta, Chicago, Kansas City, Fort Worth, San Francisco, Auburn, and Washington, DC. (A contact list of OIG offices and key officials is provided in Appendix VI.)

Staffing and Budget

As of March 31, 2006, our on-board strength was 291 employees. The OIG's Fiscal Year (FY) 2006 budget is \$48.3 million.

Management Challenges

Each year since 1998, we have identified and shared with Congress and senior GSA management what we believe to be the major challenges facing the Agency. (The current list is summarized on the front inside cover.) This period we continued our work in addressing these challenges, making recommendations, and working with management to improve Agency operations. The following sections highlight our activities in these areas.

Acquisition Programs

GSA provides Federal agencies with products and services valued in the billions of dollars through various types of contracts. We conduct reviews of these activities to ensure that the taxpayers' interests are protected.

FTS Contracting Practices and Agency Improvement Actions

Since FY 2002, we have been performing reviews of contracting practices at the Federal Technology Service's Client Support Centers (CSCs). CSCs help customer agencies define their information technology requirements, identify sources of products or services, prepare task orders, and assist in managing projects. In FY 2005, CSC procurements exceeded \$3.6 billion, with Department of Defense (DoD) customers representing about 84 percent of the business. Our initial audits in 2003 and 2004 identified a number of improper task order and contract awards, including work outside the contract scope, improper order modifications, frequent inappropriate use of time-and-materials task orders, and failure to enforce contract provisions.

In response to our audit findings, GSA has initiated a number of improvement actions to ensure controls are in place in each CSC. The GSA Administrator, in conjunction with the DoD Director of Defense Procurement and Acquisition Policy, launched the "Get it Right" initiative to ensure proper contracting practices. This initiative includes educating and training acquisition employees, aligning performance measures, publishing new contracting regulations and procedures, and validating the proper use of GSA contract vehicles and services. In addition, FTS officials have implemented a CSC Management Plan across the CSCs that establishes management and legal reviews of contract and task order awards, and actions to remediate existing deficient orders. GSA has also deobligated and returned excess client-agency funds from prior fiscal years, and issued guidelines to contracting staff on the proper use of fiscal year funding. This past March, the DoD Comptroller issued a policy memo to all DoD components regarding the limitations on use of fiscal year funds, and GSA acquisition officials are working with Defense procurement officials to take appropriate GSA actions to ensure compliance.

As directed by the Ronald W. Reagan National Defense Authorization Act for FY 2005, we performed a 2005 joint review with the DoD Office of Inspector General of each CSC to determine compliance with defense procurement requirements. We found that 11 of the 12 CSCs were not compliant but

Prior audits revealed significant irregularities.

Management Challenges

Acquisition Programs (continued)

were making significant progress toward becoming compliant, and 1 was compliant. We are currently conducting follow-up testing of controls, jointly with the DoD OIG, to determine whether the 11 CSCs are now compliant. The objective of our ongoing review is to test the effectiveness of recent GSA and DoD procurement initiatives, and whether current contracting practices have improved, including meeting DoD and GSA requirements for obtaining competition in awarding task orders. Our review does not include prior deficient task order awards, such as those identified in our earlier reviews, in that GSA has taken actions to remediate past deficient orders, and thus our focus is on new task order awards and the effectiveness of improvement actions. We plan to report on this additional audit work during the next semiannual reporting period.

Review of the Western Distribution Center Relocation Project

During 2003, the Federal Supply Service (FSS) relocated the Western Distribution Center (WDC) operations to a more modern facility. The decision to relocate and modernize was based on a 2002 feasibility study prepared by an outside consulting firm. The OIG had previously reported on the validity of projected savings for relocating the WDC, and verified actual costs related to the relocation and facility modernization. The purpose of this latest review was to determine whether FSS followed procurement regulations and exercised sound business judgment in awarding and administering the contract for the WDC Relocation Project.

In July 2002, FSS awarded the contract to relocate the operations and upgrade the distribution system to the same consulting firm that had performed the feasibility study. This firm was the only bidder for the relocation project. We found that the procurement was inadequately competed and administered, contributing significantly to the large cost overruns. The total cost of the project was in excess of \$39 million, far higher than the \$22.7 million estimate. In the solicitation process for the relocation, FSS used an abbreviated solicitation schedule that did not adequately allow for competitive proposals, and a solicitation that gave the impression that the consultant was the favored contractor, thereby enhancing its competitive advantage. Finally, use of the FSS' Logistics Worldwide contract, most commonly referred to as LogWorld Multiple Award Schedule, was not the correct contract procurement vehicle for this project.

**Relocation contract
was not properly
competed and
administered.**

A significant amount of Other Direct Costs (ODCs) were added to the LogWorld schedule as support products. However, FSS did not adequately document price reasonableness for these products and there is little assurance that the government received the best value for over \$8 million of ODCs. Support products for this schedule are defined as ancillary products used in the delivery of a service, including training manuals, CD-ROMs, overhead slides, etc. The WDC specific items added to LogWorld included

Management Challenges

**Effective controls
could have
lessened cost
overruns.**

Acquisition Programs (continued)

items such as lift trucks, shelving and storage, air compressors, sprinkler systems, and warehouse inventory transfers. These items represented a significant part of the project and should have been competed on the open market.

These conditions indicated weaknesses in management controls as they relate to this procurement. Although all of the cost overruns cannot be directly attributed to these weaknesses, effective controls could have significantly lessened them.

As a result, we recommended that the Commissioner of FSS direct the Assistant Commissioners for Global Supply and Commercial Acquisition to:

- Strengthen management controls over the acquisition process to promote competition and sound business practices.
- Heighten awareness among employees of the importance of proper procurement practices.
- Enforce compliance with acquisition policies, regulations, and procedures.

The Acting Commissioner, Federal Acquisition Service, acknowledged and generally agreed with the recommendations. However, she noted that the Iraq War and increased inventory levels impacted the cost of the project. In addition, she disagreed that other direct costs should be limited on a service contract. While we recognize that there were some additional labor costs attributed to war supply requirements, they did not have a significant effect on the relocation. Completion of the project was delayed about 14 months. The primary cause of the delay was the implementation of the warehouse management system, which was not related to the war effort. We also believe that had FSS sought competition for the significant amount of ODCs added to this project, better pricing could have been obtained.

Contract Management

GSA increasingly accomplishes its mission by using contractors to provide client services and products. Its multibillion dollar acquisition programs have expanded rapidly in terms of size, variety, and complexity of the procurements performed. While many GSA contracts are well crafted and properly administered, we continue to find a significant number of weaknesses. Our audit work in recent years has revealed a growing list of warning signs throughout the acquisition process that suggests the technical and management skills needed by the procurement workforce to operate in this more sophisticated arena are not keeping pace with these new demands.

Management Challenges

Contract Management (continued)

Using Facility Management Schedules

In June 2000, the FSS and the Public Buildings Service (PBS) formed an acquisition partnership with the goal of developing national contracting schedules to provide facility management services that would save PBS time and money through quicker awards at lower prices. The FSS Center for Facilities Maintenance and Hardware established the Facilities Maintenance and Management Schedules in January 2003. The services offered include fire alarm maintenance, elevator maintenance, landscaping, and complete facilities management and maintenance.

PBS employees question the benefits of the schedule.

We performed this audit to determine if PBS was effectively using the FSS schedules. We found that the schedules are not extensively used. Some employees question the benefits of the schedule—they do not believe the schedules save time or money—while others have encountered obstacles when trying to use the schedules. The staff expressed concern that there were not enough individual vendors on schedule to provide adequate competition since the nature of this service market is such that these businesses tend to operate only in their local geographic areas. Further, regional staff commented that, by using schedules, they would have difficulty meeting socio-economic contracting goals. In the regions we visited, almost all non-Multiple Award Schedule facility service contracts were awarded to small business set-asides or other socio-economic providers. Additionally, some staff were unaware of guidance designed to promote usage of the schedules and provide feedback to Central Office on issues inhibiting usage.

In our March 31, 2006 report, we recommended that the Commissioner, PBS, evaluate the most efficient and effective approach to facility management contracting, including fostering more awareness of the schedules and to consider them during market surveys, and working in partnership with FSS to address limitations of the schedules. The Commissioner responded that the option of using the schedules simply provides another tool for contracting professionals. PBS has a concern as to whether these schedules shorten the acquisition period or save significant staff hours and believe that additional analysis is necessary to determine the proper role of these schedules in the PBS acquisition strategy.

Fleet's Purchase of Defense Energy Support Center Fuel

GSA's Fleet currently leases over 185,000 vehicles to numerous Federal agencies. Under its standard lease agreement, Fleet provides fuel for these vehicles. Customers are given a Voyager charge card to fuel the vehicles at commercial gas stations. However, many Department of Defense (DoD) employees purchase fuel at Defense Energy Support Center (DESC) stations located on military bases. DESC stations do not accept Voyager cards. Voyager and DESC bill Fleet for fuel purchased by Fleet's customers. In order to verify billing information, Fleet requires a listing of individual transactions, including vehicle license plate numbers.

Management Challenges

Contract Management (continued)

Since DESC began military sales to end-users several years ago, Fleet has had difficulty obtaining the information needed to validate and pay for fuel its customers purchased from DESC. Although DESC now electronically records the information Fleet needs, it converts the information to voluminous paper bills it distributes to Fleet offices throughout the country. The process is time consuming, and Fleet has difficulty reviewing and validating the thousands of transactions involved. The lack of verifiable data resulted in disputed bills that reached as high as \$12 million in 2003, although disputes have recently been reduced to about \$1.7 million.

We believe that, with relatively little effort, DESC's fuel bills and the supporting transaction detail could be consolidated into electronic bills transmitted to one Fleet location for electronic review and payment. While both organizations have expressed interest, a dispute over past bills has impeded implementation.

We provided some suggestions and recommendations to Fleet to help resolve the disputed bills. However, centralized electronic billing and payment procedures are needed to expedite processing between DESC and Fleet and greatly reduce future disputes.

Information Technology

GSA is in the process of replacing a number of its legacy information systems to improve performance and take advantage of technological advances. Since GSA has had difficulty sharing usable data between systems, many of the new IT projects are intended to go beyond automating current business functions and to create real change in the way that GSA does business. However, GSA systems development projects have typically experienced significant schedule delays and cost overruns, the need for frequent redesign, and a prolonged period of time in development.

Review of IT Controls in 10 Systems

In our last semiannual report, we included results of our 2005 overall review of GSA's Information Technology (IT) Security Program as required by the Federal Information Security Management Act (FISMA). The audit assessed GSA's IT Security Program, and how well program controls had been implemented for 10 selected systems across the agency. In January 2006, we issued 10 restricted letters to system owners and the GSA Chief Information Officer detailing the results of our system specific security control assessments, including technical control weaknesses identified through our automated vulnerability scanning. The letters formally conveyed specific security information that was discussed with security officials during our FISMA audit, to assist GSA management with ongoing corrective actions.

**Centralized
electronic billing
and payment
procedures should
expedite
processing and
reduce disputes.**

Management Challenges

Information Technology (continued)

While GSA's IT Security Program has continued to improve, inconsistent implementation of program guidance by system owners has resulted in areas of risk that require management attention. Our review of individual system controls found incomplete implementation of GSA's certification and accreditation and plan of action and milestone processes, inadequate system contingency planning, inconsistencies with vulnerability identification and patch management, and instances of incomplete background checks for contractors operating GSA systems. We performed vulnerability scanning on 337 system devices within these 10 systems and identified 140 critical, 63 major, and 57 minor level vulnerabilities. System security officials informed us that necessary actions to mitigate the system control vulnerabilities we identified are underway.

IT System Contingency Planning

Federal Supply System 19 (FSS-19) is a complex, legacy computer system that became operational in 1980 and is currently running on a mainframe computer in Eagan, Minnesota, with a test and backup site in Salt Lake City, Utah. FSS-19 annually supports over 200,000 customers across government who depend on FSS-19 daily for processing orders for various supplies through interconnected systems such as GSA Advantage! and the Defense Automated Addressing System. FSS-19 processed approximately \$90 million of orders during August and September 2005 for Hurricane Katrina disaster relief efforts.

FSS-19 supports over 200,000 customers across government.

The OIG assessed whether FSS-19 IT contingency planning efforts were sufficient to recover system operations within the range of possible disruptions, from a short-term disruption through a long-term disaster. Our audit identified several weaknesses with GSA's IT contingency planning policy, procedures, and the system-specific planning in place for FSS-19. FSS has relied on a business recovery plan for the mainframe computer, but has not developed a comprehensive FSS-19 IT contingency plan to cover all system components and procedures. We found that the business recovery plan does not recognize the system architecture and facilities for FSS-19, nor has the business impact analysis been incorporated into the recovery plan. The impact analysis could enable the contingency planning coordinator to fully characterize the system requirements, processes, and interdependencies and use this information to determine contingency requirements and priorities. We also noted that damage assessment procedures have not been identified, nor have comprehensive training and test plans been developed for contingency planning personnel.

A comprehensive FSS-19 IT contingency plan has not been developed.

To ensure the effectiveness of contingency planning for FSS-19, we recommended that the FSS Commissioner progressively address the following steps to develop an IT contingency plan in accordance with Agency-wide policy and guidance:

Management Challenges

Information Technology (continued)

- Clarify the definition and description of FSS-19's environment and architecture.
- Finalize an FSS-19 business impact analysis.
- Develop, test, and maintain a comprehensive IT system-specific contingency plan for FSS-19 that is based on the business impact analysis.

To improve GSA's IT system contingency planning, we recommended that the GSA Chief Information Officer ensure that Agency-wide IT contingency planning policy and procedural guidance address all key Agency policy elements necessary for effective IT contingency planning recommended by the National Institute of Standards and Technology.

Management concurred with recommendations in the report but did take exception to the conclusion regarding the adequacy of contingency plan testing for FSS-19. While we commend FSS on the staff's ability to recover the mainframe computer, there is no test plan with objectives, expectations, and goals for the contingency test.

Federal Procurement Data System—Next Generation

The newly developed Federal Procurement Data System—Next Generation (FPDS—NG) collects, processes, and disseminates official statistical data on Federal contracting activities of more than \$2,500. The FPDS—NG became operational on October 1, 2003, and Federal agencies are required by the Federal Acquisition Regulation to report procurement data directly to FPDS—NG. Therefore, it is critical that the system provide accurate and complete procurement data across the Federal Government. While Federal agencies used the system's predecessor since 1979, many problems were reported over the years that included inaccurate and incomplete data in the system. FPDS—NG is intended to interface with every government procurement system in real time to improve the collection and reporting of accurate and complete procurement data, and serve as the central repository for statistical information on Federal contracting actions.

The OIG review found certain contract and system requirements had not been addressed due to insufficient contract monitoring throughout the development and implementation of the system. Further, some key reports could not be provided to system users. Improved oversight is an important step toward ensuring that contract and system requirements for FPDS—NG have been followed and implemented. Further, maintaining complete and accurate data within FPDS—NG is critical for producing necessary procurement reports. A review of a sample of GSA contract data found discrepancies for some data elements in the system and raised concerns

Contract monitoring needs improvement to ensure requirements are being met.

Key reports could not be provided to users.

Management Challenges

Information Technology (continued)

about the reliability of data. During the timeframe of our review, we also assessed system-specific security controls for FPDS–NG as part of our annual Federal Information Security Management Act review. We found that system managers need to ensure that background checks are completed for contractors supporting FPDS–NG, develop a more comprehensive approach to monitoring security risks with the system, and integrate security costs into the life cycle of the system.

We believe that strengthening management, operational, and technical controls for FPDS–NG will help to promote user satisfaction and long-term success for this very important system. To this end, we recommended that the GSA Chief Acquisition Officer:

- More closely oversee that the contract and system requirements are effectively documented and communicated in a timely manner to the contractor.
- Resolve all data element discrepancies and problems in migrating data to the new system.
- Ensure that system security weaknesses and corrective actions are continually addressed.

The Chief Acquisition Officer (CAO) generally concurred with the findings and recommendations as presented in the report. In response to our audit, the Office of the Chief Acquisition Officer has initiated efforts to improve the management of FPDS–NG, including frequent communication and meetings with the contractor, and addressing system functionality issues, including improving security controls to address vulnerabilities—all aimed at addressing the identified areas of risk in the report.

GSA-Preferred

In August 2002, GSA awarded a task order for the design, development, and technical support of a single, integrated system to replace existing major systems and databases used to support the FTS IT Solutions national and regional business programs. Originally known as the FTS Third Generational System (3GS), GSA-Preferred was created to help GSA to better serve the Federal customers with up-to-date project management and financial data for task and delivery order solutions.

**System
development fatally
flawed.**

Our office issued an audit report on the development of the system in February 2004, identifying several areas of project and technical risk that required prompt management attention, including system interface issues with GSA's financial system. The report cited that the goals of eliminating manual reconciliation and providing real-time information might not be

Management Challenges

Information Technology (continued)

reached with the system due to problems with interfacing. At the time of the review, nearly \$100 million had been obligated for GSA-Preferred. The Agency continued to work on the system development, however the project remained behind schedule and over budget, and failed to meet user needs even though more than \$65 million had been expended.

In December 2004, the OIG Hotline received a referral from GAO's FraudNET Operations complaining of mismanagement by FTS officials pertaining to the task orders originally valued at \$67 million for the GSA-Preferred and the enterprise hosting services for GSA-Preferred. The complaint alleged mismanagement of task order requirements, unauthorized user requests directed to the contractor, the contractor working without approved funding, and contractor employees traveling without proper authorization. We reviewed the Hotline complaint and concluded that the allegations were valid. The contractor employees traveling without authorization was a particularly glaring problem, resulting in \$1.62 million in unapproved travel expenditures.

During this same time period, the Agency awarded a task order for an independent assessment of GSA-Preferred. Following the issuance of a consultant's advisability report in January 2006, GSA decided to discontinue the implementation of GSA-Preferred. Management determined that continuing with the system would not be in the best interest of GSA's employees and Federal customers. A migration process is now underway to ensure that the data used by GSA-Preferred is accurately transferred back to the legacy systems.

Our report addressing the issues raised in the Hotline referral was provided to the Acting Commissioner, Federal Technology Service on March 1, 2006. In this report, we recommended that the GSA-Preferred Functional Program Executive direct his staff to address the issues that were identified in the Hotline complaint. Also, we recommended that a full-time contracting officer and contracting officer's representative should be maintained during the data migration process from GSA-Preferred back to the legacy systems. For any future projects, we recommended that the task order limit contractor travel costs to only that travel necessary for system training and testing. Additionally, we suggested that any future replacement effort utilize the services of an Independent Validation and Verification contractor and implement the Office of Management and Budget's project management tool—Earned Value Management—to control costs and more vigorously manage the project. Management concurred with the overall findings and recommendations in the report.

E-Gov Travel

The President's Management Agenda focuses on improving management within five areas of the Federal Government, one of which is Expanded

**Unauthorized travel
by contractor
employees
exceeded
\$1.6 million.**

Management Challenges

Information Technology (continued)

Electronic Government (E-Gov). E-Gov Travel, one of the 25 E-Gov initiatives, was launched in April 2002 to reengineer the Federal Government's travel process to realize significant cost savings, efficiencies, and increased service. Over the years, agencies have developed numerous expensive in-house travel systems that have inconsistent, redundant, and labor-intensive processes and procedures. The goal of the E-Gov Travel Initiative is to replace the existing systems within agencies and provide a governmentwide Web-based service that standardizes, automates, and consolidates the Federal Government's travel process. The initiative is designed to improve cost effectiveness and customer satisfaction while leveraging administrative, financial, and information technology best practices. GSA was designated Managing Partner for the initiative and in March 2002, the E-Gov Travel Program Management Office (PMO) was established within GSA to centrally manage the initiative and its travel process reengineering efforts. The PMO was also tasked with facilitating knowledge sharing and best practice exchanges among the agencies in support of their individual implementation efforts.

Twenty-three agencies have signed task orders with E-Gov Travel Service vendors.

In November 2003, the PMO awarded contracts to three vendors to provide an E-Gov Travel Service (ETS). A January 2004 amendment to the Federal Travel Regulation requires agencies to reach full deployment by September 30, 2006. As of September 2005, 23 agencies had signed task orders with ETS vendors and 7 agencies had begun using ETS. Funding for the PMO has been provided both through the General Supply Fund and the GSA Industrial Funding Fee (IFF), with the expectation that the PMO will be entirely self-sustaining by the end of FY 2007 via the IFF. We performed this review to determine if GSA is providing adequate oversight and management of the E-Gov Travel Program, assisting agencies to accomplish established milestones and timeframes, identifying and mitigating risks, and meeting performance measures.

Revenue shortfalls are likely to continue.

The E-Gov Travel Program Management Office has developed and implemented several effective management practices to provide adequate oversight of the E-Gov Travel Initiative and support agencies in transitioning to ETS. However, our review disclosed that cost, schedule, and performance risks exist. The FY 2005 IFF revenues were significantly less than anticipated and the PMO is projecting a similar outcome in FY 2006. For our sample of voucher activity at five agencies, we noted that although the PMO had forecasted revenue from over 50,000 transactions, the actual number processed was less than 16,000. If current trends continue, the PMO will not meet its expectation of achieving a self-sustained level of operation by the end of FY 2007. Our review showed that IFF revenue shortfalls would most likely continue to impact E-Gov Travel funding beyond 2007. Although the PMO is taking steps to mitigate the funding risk, it needs to verify the reasonableness of IFF revenue estimates for FY 2007 and beyond, reassess the projected timeframe for self-sufficiency, and notify the

Management Challenges

Information Technology (continued)

appropriate officials that contingencies must be established since additional funding needs are probable.

The PMO has faced challenges in supporting agencies to meet established milestones and timeframes. Many agencies have experienced significant deployment schedule slippage, contributing to the IFF shortfalls and the inability to meet performance measures. Various factors have affected the ability of ETS vendors and agencies to remain on schedule and the PMO's effectiveness in managing the initiative. Although some of these challenges were unforeseeable or out of the PMO's control, we concluded that better planning and guidance of individual agency migration tasks and overall deployment timeframes may have helped to mitigate the impact of some delays in the deployment schedule. Based on our review of the PMO's issue tracking log, it appears that the PMO effectively managed the majority of the issues; however, our review disclosed cases in which we question the effectiveness of the PMO in managing issues to a timely, successful resolution. It is our opinion that the PMO should have exercised a more aggressive approach in obtaining resolutions. We found shortcomings in the PMO's methodology to estimate and substantiate deployment timeframes, possibly affecting the accuracy of key business decisions.

The E-Gov Travel Initiative did not meet all of its performance measure targets. For the initiative to fully realize the cost savings associated with a fully deployed ETS and enable the PMO to progress toward being self-funded, performance measures must be met.

In our March 6, 2006 report, we recommended that the Acting Commissioner, Federal Supply Service:

- Develop realistic IFF revenue estimates with a contingency plan to address revenue shortfalls.
- Identify opportunities for more proactive PMO involvement in resolving issues to minimize deployment delays.
- Create more customized guidance to help agencies develop reasonable deployment and migration task timeframes and develop a formal methodology to verify that these timeframes are achievable.
- Update Memoranda of Understanding for agencies with a high risk of deployment delays to allow the PMO to make the necessary adjustments in their planning and budgeting decisions.

The Acting Commissioner concurred with our recommendations.

Management Challenges

Management Controls

Multiple management controls and extensive supervisory reviews have been replaced, through streamlining efforts, by fewer and broader controls, making it essential that the remaining control processes be emphasized and consistently followed. Streamlined processes have helped GSA achieve its goal of serving customers more quickly and efficiently; however, the Agency is exposed to the risk of mismanagement and abuse if program officials do not ensure the faithful application of existing safeguards.

CONNECTIONS Program Contract

The CONNECTIONS contract provides Federal telecommunications equipment, services, and solutions for Federal agencies. It offers client agency customers a wide range of choices from small equipment purchases to complex integrated solutions. Since April 2004, CONNECTIONS task orders have exceeded \$73 million. At the request of the Federal Technology Service (FTS) Assistant Commissioner for Regional Services, we conducted an audit of regional use of CONNECTIONS, focusing on whether controls were in place to ensure task orders were properly managed, contract provisions and procurement regulations were adhered to, and line items were verified by the regions to ensure correct pricing. The scope of our review included task orders awarded after April 2004.

We found that several problems exist in the use of the CONNECTIONS contract at the regional level. In particular, ordering offices were not verifying that proposed contract line item numbers were valid and that the proper contract category was being selected. These problems can result in client agencies paying excessive prices for products and services. In addition, we noted that the use of an incorrect contract category could affect the level of competition and result in excessive other direct costs. Although the Program Office developed a Web-based application for easy verification of proposed contract line items, some ordering offices were not using the application because they were not aware of it or had difficulty using it. We also found users sometimes misinterpreted the three contract categories.

The CONNECTIONS Program Office performs reviews of task orders prepared by GSA for client agencies to identify potential problems with the award or administration of the task orders. Noted deficiencies, such as use of the wrong category, excessive other direct costs, invalid contract line item numbers, and inadequate price competition were identified, but not corrected. We concluded that the results of these reviews were not communicated to the appropriate regional offices that could have taken corrective action and prevented recurring problems.

In our January 20, 2006 report, we recommended that the Acting Commissioner, Federal Acquisition Service, direct the Program Office to implement a training program that:

Identified deficiencies are not reported to regional offices.

Management Challenges

Management Controls (continued)

- Emphasizes the contract line item verification process.
- Improves the selection of the appropriate contract category and documentation of the selection rationale.
- Instructs the regional offices in the use of Program Office reviews that will be tracked by a coordinator.

Management agreed with the recommendations and has implemented additional actions to improve the program.

Tenant Improvements

When PBS leases space for agency customers, it provides them with a tenant improvement (TI) allowance to outfit the space with finishes and fixtures that raise it from a base building, or “shell,” to a finished, usable condition that meets the agency’s unique needs. During the lease acquisition process, PBS negotiates an estimated TI component with the lessor as part of the rent rate. Tenant improvement costs are then recaptured from the tenant either as part of the monthly rental rate charged by GSA, or as a lump sum Reimbursable Work Authorization (RWA). In FY 2004, PBS billed agency tenants almost \$139 million for tenant improvements in leased space. Our audit objective was to determine whether PBS effectively manages the TI process, that costs are reasonable, and that project oversight protects the interest of the government.

Our review of tenant improvements in three GSA regions disclosed the need for better oversight of the tenant improvement process in leased space. Management of the TI process varied considerably based on the level of involvement by PBS employees or contractors, as well as the degree of influence from the tenant agency. While there was usually some evidence to reflect PBS’ efforts to obtain fair and reasonable prices for the projects, additional actions are needed to give PBS’ customers the full benefit of their tenant improvement allowances. Several of the twenty files we reviewed contained limited supporting documentation related to competition, negotiation, and evaluation of the specifics of the lessor’s TI costs, while five files had no documentation.

We found that financial management of the TI process varied significantly among projects reviewed. Due to wide variances in cost-tracking efforts by PBS, we were not always able to determine whether all TI costs were captured and passed on to the tenant agency. We also encountered other payment issues, such as costs and rent credits being amortized beyond the firm term of the lease, and paying lessors for tenant improvements months before the build-out work began. In addition, we identified 10 RWAs used for projects and purposes that were inconsistent with the initial intent of the RWA.

PBS billed agencies nearly \$139 million for tenant improvements in leased space.

Management Challenges

Conditions cited in our report could have been avoided by consistent implementation of policy.

Management Controls (continued)

Finally, we assessed the extent of project management to determine whether PBS aggressively managed the build-out to ensure that costs were controlled and tenant needs were met. There was little evidence of active project management for several of the projects we reviewed.

PBS has provided policy, guidance, and training to its staff to assist them in optimally performing TI-related tasks. Many of the conditions cited in our report could have been avoided by consistent implementation of the policy.

In our March 31, 2006 report, we recommended that the PBS Commissioner:

- Take steps to improve the tenant improvement process by ensuring PBS employees follow established guidance for assessing cost reasonableness and processing RWAs.
- Initiate a standardized methodology for tracking and reconciling TI costs, provide guidance and training related to the suggested format of cost proposals, and ensure that either PBS or a contractor actively manages TI projects.

The PBS Commissioner generally concurred with the report recommendations.

Aging Federal Buildings

GSA is challenged to provide quality space to Federal agencies in a competitive environment with an aging, deteriorating inventory of buildings and critical budgetary limitations. PBS estimates that it would take over \$6 billion to bring the building inventory up to industry standards. GSA needs to determine which buildings represent the greatest risk from a safety and operational perspective, which buildings will yield the best return on investment, and how to fund the highest priority projects in a timely manner.

Tenants whose activities pose greater risk to the environment need to clearly understand their responsibilities regarding environmental hazards.

Environment Program Management

PBS is responsible for over 8,600 owned and leased facilities throughout the country, each of which have potential environmental and health concerns. To ensure that GSA effectively carries out its social, environmental, and other obligations as a responsible steward of Federal facilities, PBS designed an Environment Management Program. Key elements of this program include developing an environmental risk index (ERI), environmental liability reporting, and safeguards for tenant management of hazardous materials in PBS-controlled space. ERI is a tool designed to measure environmental, health, and safety risks in 13 areas, such as hazardous waste, asbestos, and indoor air quality, for all government-owned buildings.

We performed this review to analyze PBS' environmental management system (EMS) and improvement actions since our last audit. At the time of

Management Challenges

Aging Federal Buildings (continued)

our previous audit in February 2000, PBS was just establishing an organization dedicated to environmental affairs at the national level, and was in the process of developing an overall strategy for implementing a nationwide environmental system.

The environmental risk index needs to include leased and delegated facilities.

We found that progress on the EMS has been slow since the 2000 audit and that regional EMS efforts were not coordinated. For the system to be fully effective, the Environment Program's National Office needs to play a stronger role in ensuring that program initiatives are carried out, regional efforts are coordinated, and the national EMS is implemented effectively in the regions. To improve the identification and management of environmental risks, the scope of ERI needs to be expanded to formally include leased and delegated facilities and the ERI database needs several application controls to increase reliability and accuracy of results. In addition, PBS needs to provide additional oversight to ensure the environmental liability report is accurate and complete. In one of the regions we reviewed, the report failed to include some liabilities that met the criteria for reporting, yet included sites where remediation had been completed. Finally, PBS should apply a risk-based approach to identify and manage those tenants whose activities pose a greater risk to the environment (e.g., laboratories, firing ranges, vehicle maintenance, and light industrial activities) and execute a written agreement to ensure tenants clearly understand their responsibilities regarding environmental hazards.

In our March 28, 2006 report, we recommended that PBS:

- Develop and implement a regional strategy for the national environmental management system and conduct third party reviews of the system.
- Expand the scope of the ERI to include leased and delegated facilities.
- Strengthen environmental liability reporting through closer oversight of each region.

The Commissioner concurred with our findings and recommendations and indicated that the program will address the issues presented in our report as well as PBS' own internal reviews.

We also issued a separate report to one region where we identified a specific need to expand the ERI to include delegated facilities and to improve the accuracy of liability reporting. The Regional Administrator fully agreed with our conclusions.

Promoting and Protecting Integrity

Criminal, civil, and administrative monetary recoveries totaled more than \$46 million.

GSA is responsible for providing working space for almost one million Federal employees. The Agency also manages the transfer and disposal of excess and surplus real and personal property and operates a governmentwide service and supply system. To meet the needs of customer agencies, GSA contracts for billions of dollars worth of equipment, supplies, materials, and services each year. We conduct reviews and investigations in all these areas to ensure the integrity of the Agency's financial statements, programs, and operations, and that the taxpayers' interests are protected. In addition to detecting problems in these GSA programs and operations, the OIG is responsible for initiating actions to prevent fraud, waste, and abuse and to promote economy and efficiency. When systemic issues are identified during investigations, they are shared with GSA management for appropriate corrective actions. During this period, criminal, civil, and administrative monetary recoveries totaled more than \$46 million.

Significant Criminal Actions

Former Congressman Randall "Duke" Cunningham Pleads Guilty to Conspiracy and Tax Evasion

A joint investigation by the OIG, the Federal Bureau of Investigation, and the Department of Defense, Defense Criminal Investigative Service was initiated when it was alleged that Congressman Randall "Duke" Cunningham might have applied undue influence to ensure that MZM Incorporated (MZM), an authorized vendor on the GSA Multiple Award Schedule (MAS) Program, received congressional funding under a congressional mandate. MZM, a defense contractor, has two contracts with GSA. In April 2002, MZM was awarded a contract for general-purpose commercial information technology equipment, software, and services. In July 2005, it was awarded a contract for management, organization, and business improvement services.

On February 23, 2006, the owner of MZM pled guilty to conspiracy, use of interstate facilities to promote bribery, and election fraud. He faces a possible 11 year sentence and a fine, and is scheduled to be sentenced in fall 2006.

On November 28, 2005, Congressman Cunningham resigned from public office and confessed to accepting nearly \$2.5 million in cash and favors in exchange for steering Pentagon business to MZM. He pled guilty to tax evasion and conspiracy. On March 3, 2006, he was sentenced to 8 years and 4 months imprisonment, 3 years probation, ordered to pay restitution in the amount of \$1,851,508, and to forfeit equivalent substitute assets up to this amount.

Two Former GSA Officials Plead Guilty to Bribery and False Claims

An investigation was initiated when it was reported that two GSA officials conspired with the president of a GSA contractor to submit false claims pursuant to a basic ordering agreement GSA had entered into with the company.

Promoting and Protecting Integrity

Two former GSA officials plead guilty in bribery scheme.

The investigation revealed that the GSA FTS director and deputy director both conspired with the company president to create task orders in which little or no work was performed. The director awarded these task orders and allowed its president to bill GSA for services not rendered. He also created a completely fictitious task order that he directly awarded the firm knowing that no work was to be performed. The director and the president agreed to use the money GSA paid to fund the director's future employment with the company once he retired from GSA, with the remaining funds going to the president.

On March 3, 2006, both the former FTS director and the former FTS deputy director pled guilty to bribery, conspiring to submit false claims, and aiding and abetting. The former director is scheduled to be sentenced on June 20, 2006, and the former deputy director is scheduled to be sentenced on June 6, 2006.

Contractor Found Guilty on Charges of Conspiracy

A joint investigation by the OIG, the U.S. Department of Justice, Antitrust Division, and the Small Business Administration OIG disclosed that the president of GSA contractor Gate Engineering Corporation (Gate) was paying off the technical services supervisor at Tricon Restaurants International (Tricon), Puerto Rico, in exchange for Tricon awarding electrical contracts to Gate.

The investigation revealed that the technical services supervisor conspired with the president of Gate. While employed with Tricon, the supervisor received \$31,000 in payoffs from the president of Gate in exchange for directing over one million dollars in electrical contract work to Gate. Most of the payments from Tricon to Gate for this electrical work were made through the U.S. mail. Gate and its president previously pled guilty on May 19, 2005.

A Federal jury found the supervisor guilty on a charge of conspiracy. On November 15, 2005, he was sentenced to 12 months and 1 day incarceration and 2 years supervised release.

Also, the attorney in the Gate case was found guilty on March 22, 2006, by a Federal jury of conspiracy, witness tampering, and obstruction of an investigation. His sentencing is scheduled for June 29, 2006.

President of Supply Company Sentenced for Wire Fraud

An investigation was initiated when it was reported that GSA customers were receiving substandard quality products from a GSA contract supplier. The investigation disclosed that a supply company, Ralrube, Inc., (RI) and three of its suppliers filled orders for products with labels containing false dates of manufacture that were placed over the original equipment manufacturer's

Corruption found in Puerto Rico contracts.

Promoting and Protecting Integrity

labels, concealing the true dates of manufacture. It was revealed that the president of RI conspired with the suppliers to defraud the government through false wire transfers and by billing GSA for freight costs which were not incurred.

On January 17, 2006, the president of RI was sentenced in U.S. District Court to home confinement with electronic monitoring for a period of 6 months, 2 years probation, and ordered to pay restitution in the amount of \$35,000 and a monetary fine of \$20,000. On January 26, 2006, a general manager of one of the supply companies was sentenced to 12 months probation and ordered to pay restitution in the amount of \$27,694 and a monetary fine of \$10,000. Sentencing is pending for the third individual involved.

GSA Contractor Pleads Guilty to Bribery

A joint investigation by the OIG, Federal Bureau of Investigation, and the Department of Veterans Affairs (VA) OIG was initiated when it was reported that numerous billing irregularities for parts, labor, and other services for the maintenance of government vehicles assigned to the VA Medical Center in West Haven, Connecticut were made using a GSA IMPAC card.

The investigation disclosed that the VA employee assigned the IMPAC card was responsible for the maintenance and repair of both VA-owned vehicles and GSA-leased vehicles. It was also disclosed that the owner of an auto company provided the VA employee with items of value, cash, and checks to approve work on government vehicles that was not needed, not performed, and/or previously billed.

Pursuant to a plea agreement, the employee pled guilty to bribery. Also pursuant to a plea agreement, the owner of the auto company pled guilty to fraudulently accepting payments from VA and the company pled guilty to bribery of a government official. Sentencings for both have not been scheduled. As part of the plea agreement, in addition to any fine imposed, the owner agreed to pay the government over \$27,000 in restitution, as well as \$150,000 for the cost of the investigation and prosecution of this matter.

Owners of Two Auto Body Shops Plead Guilty to Wire Fraud

An investigation was initiated when the GSA Mid-Atlantic Region's Philadelphia Fleet Management Center reported that two automobile body shops in Pennsylvania were involved in possible bid collusion and false statements and claims concerning the repair of GSA leased vehicles.

The investigation determined that the owner of World Class Collision in Lester, Pennsylvania defrauded the government by submitting false and fraudulent estimates for vehicle repairs from April 2001 through March 2004. A review of facsimile communications determined that the owner created "losing" estimates from one vendor and solicited fraudulent estimates from

***GSA contractor
pled guilty to
bribery of a
government official.***

Promoting and Protecting Integrity

another vendor and then provided them to GSA. He pled guilty to wire fraud and was sentenced to 3 years probation and ordered to pay a fine of \$5,000.

Also charged with wire fraud as a result of the investigation was the owner of A-Park Auto Body and Towing in Philadelphia, Pennsylvania, who submitted false and fraudulent estimates for vehicle repairs from January 2002 through March 2004. He was also charged with possession of firearms by a convicted felon and pled guilty to both charges. His sentencing has not been scheduled.

Owner of Real Estate Investment Companies Pleads Guilty to Making False Statements

The owner and operator of two real estate investment businesses, Sant Properties and HB Properties, leased two commercial buildings to GSA, which were to be used by the Internal Revenue Service in Philadelphia, Pennsylvania. Under the terms of the leases, GSA was to reimburse these companies for the real estate taxes paid to the City of Philadelphia. The investigation disclosed that the owner knowingly submitted false and fraudulent documentation to GSA, purporting to represent receipts for real estate taxes paid by Sant Properties and HB Properties. In reliance on the false and fraudulent documentation, GSA overpaid Sant Properties and HB Properties an amount exceeding \$178,000 for real estate taxes.

In parallel criminal and civil court proceedings, on December 13, 2005, the owner agreed to pay restitution to the United States in the amount of \$533,265 to settle the civil false claim charges. Additionally on December 23, 2005, he pled guilty to making false statements to GSA officials in connection with the two buildings he leased to the Federal Government. He was released on bail and is scheduled to be sentenced on April 20, 2006.

Former GSA Contracting Official Pleads Guilty to Conflict of Interest

An investigation was initiated when an anonymous written complaint to the GSA OIG Hotline alleged that a GSA contract specialist was awarding contracts for disposable food service items to a Fort Worth business in which she and her husband had a financial interest.

The investigation disclosed a financial relationship between the contract specialist and a food service contractor for her personal benefit. The specialist influenced the award of a 5-year GSA Multiple Award Schedule contract, and nine blanket purchase agreements with the food service contractor, resulting in the purchase of \$8,230,295 in food service items from the contractor. She also made 432 open market purchases from the contractor totaling \$4,038,959. During this time, she never advised her supervisor that her husband worked for the contractor or that she was related to the principal owner of the contractor through her husband.

Lessor submits fraudulent tax receipts to GSA for payment.

GSA contract specialist guilty of acts affecting a personal financial interest.

Promoting and Protecting Integrity

The specialist pled guilty to criminal charges of committing acts affecting a personal financial interest and retired from GSA. On December 9, 2005, she was sentenced to 180 days of home confinement, 5 years probation, and ordered to pay restitution in the amount of \$161,000.

GSA Foreman Pleads Guilty to Theft

An investigation was initiated when it was reported that GSA Switchgear Shop employees were fraudulently claiming overtime hours not worked. The investigation revealed that all of the electricians assigned to the shop made these claims at the direction of their general foreman. It was found that the general foreman falsified his own time and directed the electricians to increase their Saturday overtime shifts by approximately 2 hours each shift.

The investigation identified a room in the basement of a Department of Agriculture Building in Washington, DC, that was used by the electricians to sleep during their midnight shifts. A surveillance camera captured one of the electricians sleeping in the room during 5 midnight shifts for an average of approximately 4.5 hours each shift. He then reported on his Time Report that he performed 8 hours of preventive maintenance (PM) work each day that he was recorded sleeping. He fraudulently completed and signed PM sheets reporting he performed the required work on the dates he was videotaped sleeping. A review of past logs revealed that he merely copied the old test results from the previous years' PM sheets and wrote them on the new sheets without actually performing the required tests.

The general foreman retired, pled guilty to theft, and was sentenced to 1 year probation, 100 hours of community service, and ordered to pay restitution in the amount of \$6,958. One of the electricians was terminated, pled guilty to false claims, and was sentenced to 2 years probation, and ordered to pay restitution in the amount of \$1,057 and a fine of \$1,000.

GSA Contractor Pleads Guilty to Theft of Government Funds

An investigation was initiated when a GSA realty specialist reported potential fraud by the president of DMG Workplace Solutions, Inc. (DMG) relating to the GSA Life Act Project (LAP) located in Garden City, New York. The LAP is a GSA construction project to expand the space on the second and third floors of a building housing the U.S. Immigration and Customs Enforcement. DMG is the GSA Public Buildings Service Construction Quality Management contractor for this project.

The investigation disclosed that DMG was inflating the work hours of one of its subcontractors on the project prior to submitting invoices to GSA for payment. The loss to the government is approximately \$16,500. The president, pursuant to a plea agreement, pled guilty to theft of Federal funds and was sentenced to 2 years supervised probation and ordered to pay a \$2,000 fine and \$16,537 in restitution.

***GSA employees
found sleeping on
the job.***

GSA manager caught in undercover child pornography operation.

GSA Manager Guilty of Trafficking Child Pornography

A joint investigation by the OIG and the U.S. Postal Inspection Service was initiated when an undercover investigation of pre-teen adult oriented material revealed that a GSA manager made e-mail arrangements to purchase illegal pornographic material from an undercover Special Agent. The manager was suspended and pled guilty to possession of child pornography. He was sentenced to 18 months supervised probation, no unsupervised contact with anyone under the age of 18, and no personal computer at home or Internet access.

Former GSA Employee Pleads Guilty to Making Fraudulent Claims

An investigation was initiated when it was reported that a GSA property manager, who was being transferred from a position in California to Hawaii, purportedly falsified his relocation expense voucher.

The investigation revealed that the former manager made false claims by indicating on a benefits application that he was married at the time he completed the form when in actuality he got married a year later. As a result, over \$5,000 in medical benefits were fraudulently charged to the government. He also submitted a fraudulently backdated receipt for the purchase of household goods for \$30,000.

His employment was terminated and he was convicted for making fraudulent claims against the government. On February 13, 2006, he was sentenced to 24 months of supervised release, 90 days of home confinement, and ordered to pay restitution.

GSA Employee Pleads Guilty to Theft of Government Funds

A joint investigation by the OIG, U.S. Housing and Urban Development (HUD) OIG, and U.S. Postal Inspection Service was initiated when it was reported that a GSA employee had applied for a grant from the Lower Manhattan Development Corporation (LMDC) using false information. The HUD block grant program was developed to encourage individuals to reside in the lower Manhattan area after the September 11, 2001, terrorist attacks on the World Trade Center.

The investigation disclosed that the employee did not reside in a Manhattan apartment although she submitted sworn statements to LMDC that she resided there. The investigation also disclosed that she claimed to live there in order to obtain a rent subsidy under the block grant provided by HUD to LMDC. She pled guilty to theft of government property and returned the grant money.

Fleet Charge Card Abuse

The GSA OIG has an ongoing proactive investigative project to identify and investigate fraud associated with the misuse of GSA-issued fleet charge cards. During this period, five individuals pled guilty in connection with cases arising out of investigations.

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Proactive investigations led to multiple arrests involving GSA fleet charge cards.

- An investigation was initiated when a review of fuel purchases at a gas station in Washington, DC revealed that fleet card purchases were double billed on purchases made by GSA, the U.S. Postal Service, Washington Sewer Authority, and D.C. Public Works. The fuel purchases totaled approximately \$170,000. The owner of the station pled guilty to wire fraud in connection to fraudulently double billing for fuel purchases on a fleet card. He is scheduled to be sentenced on June 2, 2006.
- A joint investigation by the OIG and the Department of State (State) OIG determined that a State employee was using a fleet card assigned to him to make multiple purchases of gas on the same day at various gas stations. The employee pled guilty to theft charges and was sentenced to 80 hours community service and ordered to pay restitution in the amount of \$5,259.
- An employee with the Creek Nation Health System used a fleet card assigned to him for his personal profit. The investigation revealed that he failed to turn in his monthly expense report with fuel receipts and made multiple charges on the same day, weekends, holidays, and before and after his official duty hours. He pled guilty to theft charges and his employment was terminated. He was sentenced to 4 months home detention and ordered to pay restitution in the amount of \$5,105.
- A joint investigation by the OIG and the Department of Veterans Affairs (VA) OIG determined that a VA employee was using a fleet card that was assigned to him to purchase gas for his personal gain. The employee resigned and pled guilty to theft of government property. He was sentenced to 2 years probation and ordered to pay restitution.
- An investigation disclosed that an individual was using a stolen fleet card that had been assigned to a vehicle already turned in to the Fleet Management Center in Franconia, VA. The investigation revealed the card continued to accrue frequent charges of multiple, same day purchases of gas, many of which exceeded the tank capacity of the assigned vehicle. The individual pled guilty to theft of government property and was sentenced to 1 month in prison and 2 years probation.

Telecommunications Fraud

The OIG continues to be a principal participant in the New York Electronic Crimes Task Force (NYECTF), which has been investigating telecommunications fraud primarily involving Federal facilities within the New York metropolitan area. GSA is the principal provider of telecommunications services for these facilities. NYECTF members include the U.S. Secret Service, Department of Defense, Department of Justice, New York City Police, and telecommunications industry representatives.

Promoting and Protecting Integrity

A fraud investigation was initiated when Money Gram International disclosed that there was an organized nationwide ring defrauding businesses that utilize Money Gram money orders as a means of transferring funds. The scheme uncovered by this investigation disclosed that individuals were placing telephone calls to Money Gram call centers and falsely representing themselves as authorized Money Gram agents, thereby tricking the operator into transferring funds to various cashing centers in the New York City area where individuals then picked up the transferred funds.

The investigation disclosed that one individual conspired with seven other individuals in a scheme to make a fraudulent request to Money Gram for a wire transfer of funds to a check-cashing center. The individual provided the seven other individuals with fraudulent proprietary information to use in making the request to Money Gram. This individual then went to the check-cashing center and obtained the cash that had been wired there by Money Gram.

On March 6, 2006, the individual appeared in U.S. District Court and pled guilty to wire fraud. He is scheduled to be sentenced on September 5, 2006.

Significant Civil Actions

Major Consulting Firms Pay a Total of \$25,608,977 for Failing to Pass Along Post-Transaction Rebates

In late December 2005, the Department of Justice concluded settlement agreements with four GSA contractors, Ernst & Young, International, Inc., KPMG Consulting, Inc., Bearingpoint, and Booz Allen Hamilton Inc., who paid a total of \$25,608,977 to settle separate complaints relating to overcharges on travel-related expenses. The complaints, all filed by the same relator, pursuant to the *qui tam* provisions of the civil False Claims Act, alleged that the contractors routinely failed to pass along to the government the post-transaction rebates that they received from travel providers such as airlines, hotels, and rental car companies, travel service providers and credit card companies. Therefore, because the companies' contracts with government agencies (including the relevant two contracts with GSA) generally provided that only actual travel expenses could be reimbursed, the complaints alleged that the contractors repeatedly submitted false claims to the government.

**Firms pay
\$25 million for
hiding rebates.**

The government's investigation substantively confirmed the relator's major allegations. Specifically, the four companies had rebate agreements with travel providers and travel service providers from the early 1990's onward. These agreements often provided for post-transaction rebates, as opposed to up-front discounts. While up-front rebates would automatically be passed on to a contractor's clients, post-transaction rebates were undisclosed and were not passed through to the government. In addition to the rebate

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agreements with airlines and rental car companies, the companies had agreements in place with travel services providers. As part of these agreements, the travel services companies agreed to rebate to the GSA contractors all commissions earned from the provision of travel agent services to those contractors, as well as an additional post-transaction rebate based on the total amount charged by contractor personnel on their corporate charge cards. The four GSA contractors failed to refund or credit the rebates to their government customers.

The individual settlement amounts paid by the contractors were as follows: Ernst & Young, International, Inc. paid \$4,471,980; KPMG, LLP paid \$2,771,333; Bearingpoint paid \$15,000,000; and Booz Allen Hamilton Inc. paid \$3,365,664.

Staples and Corporate Express Pay a Total of \$12.4 Million Dollars for Violating the Trade Agreements Act

Two companies that provide office supplies to government customers through GSA's Multiple Award Schedule (MAS) contracts, Staples and Corporate Express, have paid the government \$12.4 million collectively to settle allegations that they violated the Trade Agreements Act in performing their MAS contracts. The complaints, which were brought under the *qui tam* provisions of the civil False Claims Act, alleged that each of the companies sold numerous office products to the government under its MAS contracts that were sourced from prohibited countries of origin. Under the *qui tam* provisions of the civil False Claims Act, a portion of these settlement funds were paid to three relators—a competitor office supply company and two individuals who served as executives at the company—for bringing the allegations to the government's attention. The lawsuit was filed in Federal District Court for the District of Columbia.

Company Pays \$1,000,000 for Small Business Misrepresentation

Insight Public Sector, Inc. agreed to pay \$1,000,000 to settle its potential civil False Claims Act liability for an alleged misrepresentation made by a company it had acquired, Comark, Inc. (Comark). The government alleged that Comark misrepresented itself as a small business to GSA contracting officials in the course of responding to a solicitation in 1995. The government further alleged that the misrepresentation gave Comark an unfair advantage over genuine small businesses on the GSA Multiple Award Schedule.

Tanadgusix Corporation and Marisco, LTD Pay \$450,000 in Damages and Return a Floating Dry-dock to the Government

In a settlement signed February 1, 2006, Tanadgusix Corporation (TDX) and Marisco, LTD (Marisco) agreed to pay \$450,000 in civil False Claims Act damages, and return a floating dry-dock that TDX had obtained through GSA's surplus property program. TDX is a Native American development corporation based in Anchorage, Alaska. Marisco is a marine repair

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business located in Kapolei, Hawaii. The relator brought this action on behalf of the United States pursuant to the *qui tam* provisions of the civil False Claims Act. It alleged that TDX entered into an agreement with Marisco that violated the terms under which TDX had obtained the dry-dock.

In 2001, TDX took possession of the former Navy floating dry-dock, the Ex-Competent, leased it to Marisco and had it moved to Marisco's location in Hawaii. Marisco placed the dry dock into service as part of its marine repair business. The relator alleged, and the government agreed, that TDX's lease of the dry-dock to Marisco violated the terms under which TDX had obtained the dry-dock from the surplus property program.

As part of the settlement agreement, TDX and Marisco returned the dry-dock to the government and paid the government \$450,000 in False Claims Act damages. In addition, the companies agreed to pay the government 20 percent of any monies that Congress might appropriate to TDX pursuant to Section 4401(e) of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users, Pub. L. No. 109-59, 119 Stat. 1144 (Aug. 10, 2005).

Raised Floor Installation Ordered to Pay \$106,000

An investigation was initiated when it was reported that a GSA contractor was committing fraud on a flooring contract. Raised Floor Installation, Inc. (RFII) was awarded a contract for replacement of the flooring at a Federal office building in New York. The GSA contract stipulated that RFII was to use Tate 2500 Concore Flooring for the entire project. The investigation revealed that the flooring did not meet the contract specifications because Tate products were only installed in some areas of the floor. The investigation also found that the contractor submitted three false claims to GSA for payment totaling \$60,000. On January 13, 2006, the U.S. District Court, Southern District of New York entered a civil judgment against RFII ordering it to pay the government \$106,000 in connection with the civil fraud complaint brought by the U.S. Attorney's Office.

Guard Services Provider Pays \$80,000 to Settle Alleged Overcharging

Holiday International Security (Holiday), now USProtect, a company that provides guard services under a PBS contract, agreed to pay \$80,000 to resolve its potential civil False Claims Act liability. The government alleged that the company, which contracted to guard Federal detainees at various hospital locations in California, billed the government for one guard per detainee but only assigned one guard for every two detainees. In addition, the government alleged that Holiday submitted numerous hourly work reports with forged signatures of employees who were never on shift in order to get the fraudulent claims paid. The settlement represented approximately double the damages to the government.

Guard services provider pays \$80,000 to settle alleged overcharging.

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Integrity Awareness

The OIG presents Integrity Awareness Briefings nationwide to educate GSA employees on their responsibilities for the prevention of fraud and abuse and to reinforce employees' roles in helping to ensure the integrity of Agency operations.

This period, we presented 22 briefings attended by 396 regional employees. These briefings explain the statutory mission of the OIG and the methods available for reporting suspected instances of wrongdoing. In addition, through case studies, the briefings make GSA employees aware of actual instances of fraud in GSA and other Federal agencies and thus help to prevent their recurrence. GSA employees are the first line of defense against fraud, abuse, and mismanagement. They are a valuable source of successful investigative information.

Hotline

The OIG Hotline provides an avenue for employees and other concerned citizens to report suspected wrongdoing. Hotline posters located in GSA-controlled buildings encourage employees to use the Hotline. We also use our FraudNet Hotline platform to allow Internet reporting of suspected wrongdoing. During this reporting period, we received 991 Hotline contacts. Of these contacts, 205 Hotline cases were initiated. In 80 of these cases, referrals were made to GSA program officials for review and action as appropriate, 38 cases were referred to other Federal agencies for follow-up, 49 were referred for OIG criminal/civil investigations or audits, and 38 did not warrant further review.

Computer Systems Security Breached

The Information Technology Audit Office assisted the Office of Investigations to successfully investigate an OIG Hotline complaint reported by a GSA computer system user of security weaknesses within two GSA systems accessed via the Internet. The audit staff utilized their computer lab to provide investigators with forensic data including an analysis of systems logs, which confirmed two inappropriate disclosures of information, confirming security weaknesses that needed to be addressed by the Agency. Analytical results were reported to GSA's Senior Agency Information Security Officer who activated a computer security incident response team to correct the vulnerabilities. The security incidents were also reported by the Agency to the United States Computer Emergency Readiness Team (US-CERT) within the Department of Homeland Security.

Promoting and Protecting Integrity

Significant Preaward Reviews and Other Audits

The OIG's preaward review program provides information to contracting officers for use in negotiating contracts. The pre-decisional, advisory nature of preaward reviews distinguishes them from other audits. This program provides vital and current information to contracting officers, enabling them to significantly improve the government's negotiating position and to realize millions of dollars in savings on negotiated contracts.

**\$240 million
recommended in
cost avoidances.**

This period, the OIG performed preaward reviews of 48 contracts with an estimated value of \$3.8 billion. We recommended that more than \$240 million of funds be put to better use.

Five of the more significant Multiple Award Schedule contracts we reviewed had projected governmentwide sales totaling \$1.6 billion. The review findings recommended that \$163 million in funds be put to better use. The reviews disclosed that these vendors offered prices and labor rates to GSA that were not as favorable as the prices and rates other customers receive from these vendors. For example, contrary to one company's disclosure, the offer to GSA is not reflective of the company's most favored customer pricing. Deficiencies in billing and sales reporting systems also resulted in underreported sales and unpaid Industrial Funding Fees. Another company's methodology used to calculate its base labor rates was incomplete.

There are now more than 10,000 vendors doing over \$30 billion in business annually under GSA's rapidly expanding procurement programs. Past history has shown that for every dollar invested in preaward contract reviews, at least \$10 in lower prices or more favorable terms and conditions are attained for the benefit of the government and the taxpayer. The Office of Management and Budget (OMB) has long recognized the increasing dollar value of GSA's contract activities and our limited resources in providing commensurate audit coverage. Through the Federal Supply Service (FSS) and Federal Technology Service (FTS) contract program revenues, OMB officials have provided us additional financial support to increase our work in this area. These funds enabled us to hire additional staff to support expanded contract review activities including, primarily, an increase in preaward contract reviews, as well as more contract performance reviews that evaluate contractors' compliance with pricing, billing, and terms of their contracts, and periodic program evaluations to assess the efficiency, economy, and effectiveness of contracting activities. We now allocate about 40 percent of our resources to contract reviews.

During this six-month period, management decisions were made on 39 of the preaward reports issued during the last year. Those reports recommended that over \$752 million of funds be put to better use. Management agreed with more than 90 percent of these recommended savings—an amount in excess of \$677 million.

Promoting and Protecting Integrity

Federal Managers' Financial Integrity Act Review

The Federal Managers' Financial Integrity Act (FMFIA), Section 2, requires GSA management to provide assurance to the President and the Congress that Agency resources are protected from fraud, waste, mismanagement, and misappropriation. FMFIA, Section 4 relates to the CFO's disclosure of nonconformances with Federal financial management system policies and standards.

GSA's Management Control and Oversight Council uses assurance statement questionnaires submitted by Regional Administrators and Heads of Services and Staff Offices as a basis for developing the Administrator's assurance statement.

Each year, we review the Agency's FMFIA process to determine whether management adequately disclosed all known control weaknesses and nonconformances in the Agency's programs, operations, and systems of management reporting of known significant weaknesses and deficiencies. In reviewing the FMFIA assurance statement questionnaires submitted by management for FY 2005, we noted two weaknesses reported for budgetary reporting processes and contracting practices. In addition, our review of audits performed by the OIG and other external organizations identified weaknesses in the areas of Construction in Progress and reconciliations of intragovernmental balances.

Our limited audit also included a review of the status of prior year weaknesses and nonconformances. Our review of these prior year issues found weaknesses in the management of the development and secure operations of automated information systems.

Financial Statement Audit and Related Reviews

With the passage of the Chief Financial Officer's Act of 1990, Congress and OMB have established a framework for financial audits and reviews designed to enhance the Federal Government's financial management and reporting practices. Summarized below are the results of our financial and financial-related reviews.

As in past years, GSA's Financial Statement Audit was performed by an independent public accounting firm, with oversight, support work, and guidance provided by the OIG. The firm issued unqualified opinions on the Agency's Fiscal Years 2005 and 2004 balance sheets and related statements of net cost and changes in net position. The firm also issued an unqualified opinion on GSA's Fiscal Years 2005 and 2004 statement of budgetary resources for the Federal Buildings Fund. However, due to a material weakness concerning inadequate controls over monitoring, accounting, and reporting of budgetary transactions, the firm was unable to render an opinion on the statements of budgetary resources and financing for the Information Technology Fund, General Supply Fund, and GSA consolidated funds for Fiscal Years 2005 and 2004.

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In addition to the material weakness noted above, the firm also identified five reportable conditions concerning the Agency's need to:

- Improve development, implementation, and change controls over GSA's financial applications.
- Strengthen application security controls.
- Improve controls over transferring substantially complete construction in process projects within the Public Buildings Service.
- Improve contracting practices in the Federal Technology Service's Office of Information Technology Solutions.
- Improve reconciliation of intragovernmental balances.

The firm also reported two instances of noncompliance with laws and regulations. The first instance involved three matters, identified by the OIG, which may constitute breaches of the Anti-Deficiency Act or the Purpose Statute. In the second instance, the firm reported that GSA's financial management systems did not substantially comply with the Federal financial management systems requirements of the Federal Financial Management Improvement Act (FFMIA). This violation of the FFMIA was the result of the material weakness regarding inadequate controls over monitoring, accounting, and reporting of GSA's budgetary transactions.

Testing Controls Over Performance Measures

The OIG conducted the portion of GSA's Fiscal Year 2005 Financial Statement Audit related to internal controls over performance measures. Our report noted that the internal controls designed by the Office of the Chief Financial Officer (OCFO) over GSA's performance measure data are operating effectively. Specifically, we found that in accordance with GSA Policy, the OCFO performed and documented the required review of Agency performance measure data, and that the conclusions therein were adequately supported. We also noted that a consultant hired by the OCFO completed a review of the process used to verify and validate the data supporting the Agency's performance measures during Fiscal Year 2005. The resulting report identified recommendations for improvement, which were taken into consideration by the OCFO and implemented accordingly, representing an additional step taken to improve the adequacy of the internal controls over GSA's reported performance measures.

Agreed-Upon Procedures Reviews

In support of GSA's Financial Statement Audit, we performed agreed-upon procedures reviews over GSA's Fiscal Year 2005 environmental liabilities and legal loss contingencies.

Promoting and Protecting Integrity

We reconciled the Office of General Counsel's environmental liability letter and supporting spreadsheets to PBS' summary schedules based on documents prepared by regional offices. We also noted that some Environmental Liability Questionnaires were not updated on a regular basis to ensure that inflation or technological changes have not significantly increased costs; however, we were informed that guidance would be updated in FY 2006 to ensure that cost estimates are regularly reviewed.

We tested 100 percent of claims for \$10 million or more to determine the Agency's planned response to the litigation and, if a possible loss was perceived, whether Office of General Counsel personnel could provide explanations of the estimates.

We provided the relevant information on the procedures we performed to the independent public accounting firm on November 8, 2005, and November 14, 2005 respectively.

Hurricane Katrina

On August 29, 2005, Hurricane Katrina made landfall in New Orleans, impacting over 90,000 square miles before it was finished, devastating much of the Gulf Coast area in Louisiana, Mississippi, and Alabama. Congress acted quickly, providing \$62.3 billion for recovery and relief efforts, but the ultimate cost could exceed \$200 billion. Federal agencies expedited contracting methods as permitted under the Federal Acquisition Regulation, and provided stewardship plans for oversight of the agencies' actions. The Federal Inspector General community, coordinated through the President's Council on Integrity and Efficiency (PCIE) Homeland Security Working Group, initiated an aggressive review of agencies' response efforts. The Department of Justice established a fraud task force that includes Federal, state, and local law enforcement agents. These actions have focused on ensuring relief funds were spent wisely; improving agency response to disasters; and identifying fraud, waste, and abuse early in the process.

GSA's role in emergencies, such as Hurricane Katrina, is twofold. First, under the 2004 National Response Plan, which is the Federal Government's unified approach to responding to natural or man-made incidents, GSA serves a central role in procuring equipment and services used by the Federal Emergency Management Agency (FEMA). GSA has awarded contracts in excess of \$900 million on FEMA's behalf. In these procurements, FEMA utilized GSA procurement professionals to award contracts for which FEMA has identified the procurement requirements and is billed directly. GSA also has responsibilities as the landlord to many Federal agencies in the affected area to locate or repair space so that the agencies may continue their missions.

As an active member of the Homeland Security Working Group, we are reviewing GSA's disaster relief and recovery response efforts. Our audit

***GSA OIG auditors
and agents join
hurricane oversight
task forces.***

Promoting and Protecting Integrity

objective is to review GSA's general organization and management for the disaster response, its role as landlord for 84 affected facilities, and GSA's contracting support provided to FEMA, including examining procurements for price reasonableness, the level of competition used for the award, and management controls related to the procurement award. In accordance with guidelines from the PCIE Katrina Audit Task Force, we are reviewing contract actions over \$500,000 that GSA awarded for FEMA, currently numbering 247, valued at more than \$647 million.

To date, we have provided Agency management with preliminary observations regarding standard operating procedures for GSA emergency support provided to FEMA, and contractor responsibility determinations on emergency procurements, through two interim audit memoranda. Upon completion of audit fieldwork, we will issue a comprehensive report.

In addition to our audit effort, two OIG Special Agents participate on the Department of Justice Hurricane Katrina Fraud Task Force, conducting criminal investigations related to GSA's hurricane relief efforts which are coordinated with respective Federal, state, and local law enforcement agencies.

The OIG has committed over 6 staff years of effort to the post-Katrina audit and investigative reviews. To do this, the OIG has deferred other scheduled work in our portfolio. The importance of the interagency effort to deal with the aftermath of the hurricane and response efforts has led us to make this one of our highest priorities.

Governmentwide Policy Activities

We regularly provide advice and assistance on governmentwide policy matters to the Agency, as well as to other Federal agencies and to committees of Congress. In addition, as required by the Inspector General Act of 1978, we review existing and proposed legislation and regulations to determine their effect on the economy and efficiency of the Agency's programs and operations and on the prevention and detection of fraud and mismanagement. Because of the central management role of the Agency in shaping governmentwide policies and programs, most of the legislation and regulations reviewed invariably impact governmentwide issues in areas such as procurement, property management, travel, and government management and information technology systems.

Interagency Committees and Working Groups

This period, we provided advice and assistance to the Office of Management and Budget (OMB) on various procurement policy issues, particularly in the area of time-and-materials and labor-hours contracts.

In addition, we participated on a number of interagency committees and working groups that deal with cross-cutting and governmentwide issues:

- The Acting Deputy Inspector General represents all civilian government agencies on the Cost Accounting Standards Board, an independent board within OMB's Office of Federal Procurement Policy, which promulgates, amends, and revises Cost Accounting Standards designed to achieve uniformity and consistency in cost accounting practices by individual government contractors.
- The Acting Assistant Inspector General for Auditing co-chairs the IT Committee under the PCIE Federal Audit Executive Council. This Committee is responsible for leading discussion and reaching consensus among all of the OIGs regarding a myriad of IT issues including proposed legislation and regulations, OMB questions and reporting requirements, and IT audit approaches and best practices. OIG audit representatives participate in the Federal Audit Executive Council's IT Committee to develop approaches and techniques for conducting IT security audits under the Federal Information Security Management Act (FISMA). Audit representatives also participate in the PCIE IT Roundtable to discuss various methodologies and best practices for conducting IT audits.
- Our TeamMate Technical Support Group participates in the TeamMate Federal Users Group and the PricewaterhouseCoopers TeamMate Users Group to discuss concerns and new challenges facing TeamMate users. TeamMate is an automated audit workpaper management system designed to make the audit process more efficient.

Legislation and Regulations

During this reporting period, the OIG reviewed 139 legislative matters and 10 proposed regulations. The OIG specifically commented on the following legislative and other items:

Governmentwide Policy Activities

- *Revised Draft Bill Concerning a Federal Real Property Disposal Pilot Program.* We commented on a draft bill that would have established a pilot program to authorize expedited disposals of certain underutilized Federal real property through cash sales. We noted that we generally support the principle of providing Federal agencies with expanded flexibility to manage real property. However, we noted our view that the bill's proposal to allow agencies to retain only 20 percent of the proceeds of such sales may not be a sufficient incentive to cause those agencies to seek expedited disposal under the pilot program. We suggested that consideration be given to providing a more substantial or effective incentive.
- *Trade Agreements Act Provision in Draft DoD Authorization Bill for FY 2007.* We provided comments on a provision in the FY 2007 Draft DoD Authorization bill which would amend the Trade Agreements Act of 1979 (TAA) in a manner that would establish a governmentwide exemption for certain products. Specifically, the provision would allow Federal agencies to purchase products from non-designated countries—without a Presidential waiver—if there was a determination made that quantities of the product from TAA designated countries were insufficient, and if such TAA-designated countries collectively produce less than five percent of the world market of the product. We noted our view that the U.S. Trade Representative should be given an opportunity to comment on the proposal. We also noted our view that the provisions seemed vague or possibly unworkable in that the provision did not explain which agency would make the insufficiency determination. We also noted our concern that Federal agency contracting officers may not have the expertise to make such a determination.
- *Draft GSA Acquisition Letter Regarding Contract Support Items.* We provided GSA with comments on a draft of an Acquisition Letter to address the treatment of contract support items (CSIs), also known as Other Direct Costs, under Multiple Award Schedule (MAS) contracts for services. We noted our continued objection to GSA's direction to contracting officers to use Alternate II of the "Payments Under Time and Materials" clause. This clause is only intended to be used in labor-hour contracts, not in MAS contracts where the purchase and reimbursement of CSIs is clearly anticipated. We also noted our concerns that GSA contracting officers may have difficulty anticipating most of the CSIs required in connection with a particular vendor's service, and we noted that ordering agencies should still be free to negotiate appropriate CSIs at the task order level. In a final point, we conveyed our view that the Acquisition Letter's prohibition on marking up CSIs with overhead may not be consistent with a vendor's accounting system or general principles of allocability.

Professional Assistance Services

Government Auditing Standards prohibit Federal audit organizations from performing certain types of management consulting projects because they may impair the independence of the auditors when performing subsequent audit work in the same area. To maintain our independence when working closely with GSA management, we carefully assess our services to ensure compliance with the standards. As allowed under the standards, we are continuing our participation on Agency improvement task forces, committees, and working groups in an observer or advisory capacity.

Task Forces, Committees, and Working Groups. The OIG provides advice and counsel to GSA while monitoring ongoing Agency initiatives. Our representatives advise management at the earliest possible opportunity of potential problems, help ensure that appropriate management controls are provided when installing new or modifying existing Agency systems, and offer possible solutions when addressing complex financial and operational issues.

Our direct participation with the Agency on task forces, committees, and working groups allows us to contribute our expertise and advice, while improving our own familiarity with the Agency's rapidly changing systems. We nevertheless maintain our ability to independently audit and review programs. Our participation on the task forces is typically as a non-voting advisory member. We maintain a strict policy of excluding staff members who have served on developmental task forces from subsequent audits of the same subject areas.

Some areas in which we have been involved this period include:

- **Single Audit Act Activities.** The Single Audit Act established uniform audit requirements for state and local governments receiving Federal awards. The non-Federal entities that receive Federal awards under more than one Federal program are required to undergo a single audit to prevent duplicate audits and inefficiencies. Each Federal agency monitors the non-Federal entity's use of awards provided by the Agency, and assesses the quality of the audits conducted relative to its program. The OIG monitors these activities primarily as they relate to the personal property disposal program.
- **The Information Technology (IT) Council.** The Council monitors policies and programs to ensure IT consistency throughout the Agency. It is comprised of the Chief Information Officers of the various GSA Services and Staff Offices. Representatives of our office participate in meetings at the request of the Agency on such matters as systems controls, architecture, security, or new legislative requirements.
- **Multiple Award Schedule Working Group.** The Multiple Award Schedule (MAS) Working Group was established as a result of an OIG report released in August 2001 relating to MAS contracting pricing

Professional Assistance Services

practices. The MAS Working Group is primarily comprised of members of the Federal Supply Service (FSS) and the OIG, with representation also from the Office of General Counsel and the Office of the Chief Acquisition Officer. The Working Group meets regularly and serves as a standing forum for discussion and resolution of issues or concerns having to do with MAS contracting. It has served as an effective institutionalized communications channel for both broad policy issues and discrete issues having to do with particular contracts or reviews.

The Working Group has had several areas of focus, including preaward contract reviews and MAS negotiations issues. The Working Group has developed guidance to MAS contracting officers (COs) regarding the performance and use of preaward MAS contract reviews. Further, the Working Group has reinvigorated the process by which FSS and the OIG collaboratively select and commence preaward reviews of vendors, and has built into this process specific mechanisms for COs to request reviews of particular vendors. The Working Group has also focused on issuing guidance to COs regarding negotiations objectives and discrete negotiations issues for MAS contract awards. The Working Group also provided some input to FSS in its efforts to upgrade or enhance pricing performance measures on MAS contracts.

Statistical Summary of OIG Accomplishments

Audit Reports Issued

The OIG issued 85 audit reports during this reporting period. The 85 reports contained financial recommendations totaling \$248,027,395, including \$240,177,561 in recommendations that funds be put to better use and \$7,849,834 in questioned costs. Due to GSA's mission of negotiating contracts for governmentwide supplies and services, most of the savings from recommendations that funds be put to better use would be applicable to other Federal agencies.

Management Decisions on Audit Reports

Table 1 summarizes the status of the universe of audits requiring management decisions during this period, as well as the status of those audits as of March 31, 2006. There were no reports more than six months old awaiting management decisions as of March 31, 2006. Table 1 does not include two reports issued to other agencies this period. Table 1 also does not include five reports excluded from the management decision process because they pertain to ongoing investigations.

Table 1. Management Decisions on OIG Audits

	No. of Reports	Reports with Financial Recommendations	Total Financial Recommendations
For which no management decision had been made as of 10/1/05			
Less than six months old	40	30	\$616,377,746
Six or more months old	0	0	0
Reports issued this period	<u>83</u>	<u>37</u>	<u>248,027,395</u>
TOTAL	123	67	\$864,405,141
For which a management decision was made during the reporting period			
Issued prior periods	40	30	\$616,377,746
Issued current period	44	16	136,477,505
TOTAL	<u>84</u>	<u>46</u>	<u>\$752,855,251</u>
For which no management decision had been made as of 3/31/06			
Less than six months old	39	21	\$111,549,890
Six or more months old	0	0	0
TOTAL	<u>39</u>	<u>21</u>	<u>\$111,549,890</u>

Statistical Summary of OIG Accomplishments

Management Decisions on Audit Reports with Financial Recommendations

Tables 2 and 3 present the audits identified in Table 1 as containing financial recommendations by category (funds to be put to better use or questioned costs).

Table 2. Management Decisions on OIG Audits with Recommendations that Funds be Put to Better Use

	No. of Reports	Financial Recommendations
For which no management decision had been made as of 10/1/05		
Less than six months old	27	\$ 616,183,664
Six or more months old	0	0
Reports issued this period	31	240,177,561
TOTAL	58	\$ 856,361,225
For which a management decision was made during the reporting period		
TOTAL	39	\$752,505,649*
For which no management decision had been made as of 3/31/06		
Less than six months old	19	\$ 103,855,576
Six or more months old	0	0
TOTAL	19	\$ 103,855,576
<i>*Management agreed with \$677,617,894 in management decisions.</i>		

Statistical Summary of OIG Accomplishments

**Table 3. Management Decisions on OIG Audits
with Questioned Costs**

	No. of Reports	Questioned Costs
For which no management decision had been made as of 10/1/05		
Less than six months old	3	\$ 194,082
Six or more months old	0	0
Reports issued this period	<u>6</u>	<u>7,849,834</u>
TOTAL	9	\$8,043,916
For which a management decision was made during the reporting period		
TOTAL	7	\$ 349,602
For which no management decision had been made as of 3/31/06		
Less than six months old	2	\$7,694,314
Six or more months old	0	0
TOTAL	<u>2</u>	<u>\$7,694,314</u>

Statistical Summary of OIG Accomplishments

Investigative Workload

The OIG opened 118 investigative cases and closed 87 cases during this period. In addition, the OIG received and evaluated 37 complaints and allegations from sources other than the Hotline that involved GSA employees and programs. Based upon our analyses of these complaints and allegations, OIG investigations were not warranted.

Referrals

The OIG makes criminal referrals to the Department of Justice or other authorities for prosecutive consideration and civil referrals to the Civil Division of the Department of Justice or U.S. Attorneys for litigative consideration. The OIG also makes administrative referrals to GSA officials on certain cases disclosing wrongdoing on the part of GSA employees, contractors, or private individuals doing business with the government.

Table 4. Summary of OIG Referrals

Type of Referral	Cases	Subjects
Criminal	61	136
Civil	9	36
Administrative	66	200
TOTAL	136	372

In addition, the OIG made 21 referrals to GSA officials for information purposes only.

Actions on OIG Referrals

Based on these and prior referrals, 39 cases (89 subjects) were accepted for criminal prosecution and 7 cases (35 subjects) were accepted for civil litigation. Criminal cases originating from OIG referrals resulted in 40 indictments/informations and 63 successful prosecutions. OIG civil referrals resulted in 8 case settlements. Based on OIG administrative referrals, management debarred 17 contractors/individuals, suspended 20 contractors/individuals, and took 7 personnel actions against employees.

Statistical Summary of OIG Accomplishments

Monetary Results

Table 5 presents the amounts of fines, penalties, settlements, judgments, and restitutions payable to the U.S. Government as a result of criminal and civil actions arising from OIG referrals.

Table 5. Criminal and Civil Recoveries		
	Criminal	Civil
Fines and Penalties	\$ 329,200	\$ —
Settlements and Judgments		40,019,654
Restitutions	2,138,822	—
TOTAL	\$2,468,022	\$40,019,654

Table 6 presents the amount of administrative recoveries, recovered property, and savings as a result of investigative activities.

Table 6. Other Monetary Results	
Administrative Recoveries	\$1,684,886
Recovered Property	2,504,089
Investigative Savings	—
TOTAL	\$4,188,975

APPENDICES

Appendix I—Significant Audits from Prior Reports

Under the Agency audit management decision process, the GSA Office of the Chief Financial Officer, Office of the Controller, is responsible for tracking the implementation of audit recommendations after a management decision has been reached. That office furnished the following status information.

Twelve audits highlighted in prior reports to the Congress have not yet been fully implemented; all are being implemented in accordance with currently established milestones.

Repair and Alterations Program

Period First Reported: April 1, 2005, to September 30, 2005

The review centered on whether GSA has an effective strategy to repair and modernize federally-owned buildings. The report contained four recommendations; implementation is not yet complete.

The recommendations involve a comprehensive plan addressing repair and modernization requirements of the GSA building inventory; advocating its processes and systems to assess building conditions, identify building deficiencies, and schedule work items; completing a strategy to systematically define the building inventory to meet customer agency long-term needs; and developing a methodology to prioritize the prospectus-level projects. They are scheduled for completion on October 15, 2006.

Expanded Direct Delivery Program

Period First Reported: April 1, 2005, to September 30, 2005

The review focused on the timely processing of customer orders under two blanket purchase agreements under the Office of Global Supply's Expanded Direct Delivery (EDD) Program. The report contained two recommendations; one has not been implemented.

The remaining recommendation involves establishing incentives for EDD contractors to fulfill their performance metric on order fills and back orders and establishing a system to address missing shipment

status records. It is scheduled for completion on November 15, 2006.

Contractor Assessment Initiative

Period First Reported: April 1, 2005, to September 30, 2005

The review focused on the Administrative Report Card which was created to assist contracting officers in making decisions about exercising contract options and awarding additional contracts. The report contained six recommendations; one has been implemented.

The remaining recommendations involve ensuring that all significant contractual areas are included on the report card, integrating a rating and weighting system, and providing guidance on formulating the report card and follow-up procedures on contractor deficiencies. They are scheduled for completion between May 15, 2006 and October 15, 2006.

GSA Advantage!

Period First Reported: April 1, 2005, to September 30, 2005

The review centered on specific shortfalls with GSA Advantage's management funding and planning process. The report contained four recommendations; they have not been implemented.

The recommendations involve establishing a management structure with adequate authority and responsibility, developing and implementing specific performance measures, ensuring adequate processes are in place to minimize potential delays of vendor product data uploads, and analyzing virtual stores to ensure the benefits of these investments exceed their development and maintenance costs. They are scheduled for completion on June 15, 2006.

Information Technology Security Program

Period First Reported: April 1, 2005, to September 30, 2005

The review identified areas where additional improvements are needed in required security controls

Appendix I—Significant Audits from Prior Reports

of GSA's IT Security Program. The report contained four recommendations; two have been implemented.

The remaining recommendations involve increasing oversight of IT security policy procedure implementation related to certification and accreditation, and developing an enterprise-wide approach to patch management and vulnerability scanning. They are scheduled for completion between May 15 and July 15, 2006

Comprehensive Human Resources Integrated System

Period First Reported: April 1, 2005, to September 30, 2005

The review of the Comprehensive Human Resources Integrated System identified user reluctance to use the system and the availability of duplicative system functionality provided by other GSA systems. The report contained three recommendations; they have not been implemented.

The recommendations involve conducting a post-implementation review, completing an alternative analysis to consider the costs and benefits of the system, and ensuring that adequate security controls are in place to manage risks. They are scheduled for completion between August 15 and October 15, 2006.

Emergency Procurement Action

Period First Reported: October 1, 2004, to March 31, 2005

The review centered on a task order for anthrax remediation services awarded to a vendor under its FSS Multiple Award Schedule contract. The report contained one recommendation; it has not been implemented.

The recommendation involves tasking a team of program experts and procurement offices to create a template acquisition plan applicable to emergency acquisitions. It is scheduled for completion on August 15, 2006.

Improvements Needed in Management, Operational, and Technical Controls for PBS' STAR System

Period First Reported: October 1, 2004, to March 31, 2005

The review assessed how well the STAR system is meeting requirements and the effectiveness of the system's security controls. The report contained two recommendations; they have not been implemented.

The recommendations involve ensuring that STAR provides necessary business line management information and ensuring that adequate security controls are in place. They are scheduled for completion on May 15, 2006.

Review of FedBizOpps

Period First Reported: April 1, 2004, to September 30, 2004

The review involved an online survey of FedBizOpps users to gather information on user satisfaction to assess the effectiveness of FedBizOpps. The report contained four recommendations; one has been implemented.

The recommendations involve developing a process to solicit input from vendors on system enhancements, evaluating enhancements to FedBizOpps based on vendor input, and ensuring that memoranda of agreement are in place for FedBizOpps users. The recommendations are scheduled for completion between May 15 and September 15, 2006.

Employee Awards Program

Period First Reported: April 1, 2004, to September 30, 2004

The review evaluated management controls of the Employee Awards Program. The report contained five recommendations; three have been implemented.

The remaining recommendations involve the implementation of a management tool to review the

Appendix I—Significant Audits from Prior Reports

justification and nature of awards being made by approving officials, and the development and issuance of guidance covering the administrative staff to perform data entry tasks for awards. They are scheduled for completion on May 15, 2006.

Consolidation of Distribution Centers

Period First Reported: October 1, 2002 to March 31, 2003

The review examined the operations of the FSS Stock Program. The report contained two recommendations; one has been implemented.

The remaining recommendation, which requires developing access to reliable data for all delivery

methods, is scheduled for completion on June 15, 2006.

Billing and Payment Systems

Period First Reported: April 1, 2002, to September 30, 2002

The review examined controls over reimbursable work authorizations (RWA) billings between GSA and other Federal agencies. The report contained two recommendations; one has been implemented.

The remaining recommendation involves incorporating estimated cost data for planning workflow before and during the RWA process. It is scheduled for completion on October 15, 2006.

Appendix II–Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
<i>(Note: Because some audits pertain to contract award or actions that have not yet been completed, the financial recommendations related to these reports are not listed in this Appendix.)</i>				
PBS Internal Audits				
11/28/05	A050080	Survey of the Impact of the FPS/DHS Transition on GSA Operations		
12/01/05	A050186	Review of Public Buildings Service's Procurements for Contract Services With Contract Consultants, Inc., Using Corps of Engineers' Contract W9126G-04-D-0004		
03/28/06	A050040	Review of the PBS Environment Program Management		
03/28/06	A050040	Review of the Southeast Sunbelt Region PBS Environment Program Management		
03/31/06	A050063	Audit of PBS's Tenant Improvement Process		
03/31/06	A050135	Audit of the Usage of Facility Management Schedules, Public Buildings Service		
PBS Contract Audits				
10/18/05	A050190	Limited Review of Overhead Rate: Ove Arup & Partners, Consultant to Smith-Miller + Hawkinson Architects, LLP, Contract Number GS-02P-05-DTC-0020(N)		
10/24/05	A050155	Review of Termination Settlement Proposal: PCL Construction Services, Inc., Contract Number GS06P02GZC0518		
11/07/05	A060060	Preaward Review of Architect Engineer Proposal: Richard Meier & Partners Architects, LLP, Contract Number GS-09P-KTC-0075		
11/17/05	A050171	Review of a Claim: Botto Mechanical Corporation, Subcontractor to J.A. Jones Construction Group, LLC, Contract Number GS-02P-98-DTC-0088(N)		

Appendix II–Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
11/30/05	A060076	Preaward Review of Architect Engineer Proposal: Ove Arup & Partners California, Ltd., Solicitation Number GS-09P-02-KTC-0075		
01/18/06	A060058	Limited Review of Payroll Burden & Overhead Rates: Volmar Construction, Inc., Contract Number GS-02P-04-DTC-0029(N)		
03/02/06	A060124	Review of Buildout Costs: DEA Lease, 111 Eighth Avenue, New York, New York 10011, Lease Number GS-02B-23434		
03/07/06	A060128	Preaward Review of Architect and Engineering Contract: William H. Gordon Associates, Inc., Solicitation Number GS-11P-05-MKC-0045		
03/09/06	A060121	Preaward Review of Architect and Engineering Contract: Cerami & Associates, Inc., Solicitation Number GS-11P-05-MKC-0045		
03/28/06	A060122	Preaward Review of Architect and Engineering Contract: Thornton-Tomasetti Group, Solicitation Number GS-11P-05-MKC-0045		

FSS Internal Audits

11/09/05	A050005	Contract Procurement Review of the Western Distribution Center Relocation Project, Federal Supply Service		
03/06/06	A050178	Review of the Effectiveness of the GSA E-Gov Travel Program Management Office		
03/08/06	A050137	Audit of GSA Fleet's Purchase of Defense Energy Support Center Fuel, Federal Acquisition Service		

Appendix II—Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
<i>FSS Contract Audits</i>				
10/07/05	A050089	Preaward Review of Multiple Award Schedule Contract Extension: Hill-Rom Company, Inc., Contract Number GS-27F-3002D		
10/07/05	A050238	Report on Agreed-Upon Procedures, Multiple Award Schedule Proposal: Booz Allen Hamilton, Solicitation Number 2FYA-WA-030003-B		
10/12/05	A050105	Preaward Review of Multiple Award Schedule Contract Extension: BCOP Federal, Contract Number GS-14F-0035K		
10/13/05	A050134	Preaward Review of Multiple Award Schedule Contract Extension: The Titan Corporation, Contract Number GS-23F-0180K		
10/14/05	A050123	Preaward Review of Multiple Award Schedule Contract Extension: Action Target Inc., Contract Number GS-02F-9301C		
10/14/05	A050194	Preaward Review of Multiple Award Schedule Contract Extension: Thomas Group, Inc., Contract Number GS-10F-0341K		
10/27/05	A050089	Limited Scope Review of Multiple Award Schedule Contract: Hill-Rom Company, Inc., Contract Number GS-27F-3002D		\$49,421
10/28/05	A050098	Preaward Review of Multiple Award Schedule Contract Extension: Coastal International Security, Incorporated, Contract Number GS-07F-0352K		
11/03/05	A050088	Preaward Review of Multiple Award Schedule Contract Extension: Caterpillar, Inc., Contract Number GS-30F-1025D		

Appendix II–Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
11/10/05	A050224	Preaward Review of Multiple Award Schedule Contract Extension: ManTech Advanced Systems, International, Inc., Contract Number GS-23F-0122J		
11/29/05	A050177	Preaward Review of Multiple Award Schedule Contract Extension: Thales Communications, Inc., Contract Number GS-35F-0001L		
11/29/05	A050225	Preaward Review of Multiple Award Schedule Contract Extension: Information Handling Services Inc., Contract Number GS-02F-0402D		
11/30/05	A050147	Limited Scope Review of Task Order F11623-02-F-A425 Multiple Award Schedule Contract: Herman Miller, Inc., Contract Number GS-28F-8049H		\$50,410
11/30/05	A050217	Preaward Review of Multiple Award Schedule Contract Extension, February 1, 2006 Through January 31, 2011: Constella Group, Inc., Contract Number GS-10F-0351K		
12/05/05	A050208	Limited Scope Review of Multiple Award Schedule Contract, for the Period October 1, 2004 Through March 31, 2005: Onan Corporation, Contract Number GS-07F-9004D		\$1,729
12/09/05	A050169	Preaward Review of Multiple Award Schedule Contract Extension: Engineering and Software System Solutions, Inc., Contract Number GS-35F-0491K		
12/09/05	A050205	Preaward Review of Multiple Award Schedule Contract Extension: The Titan Corporation, Contract Number GS-10F-0075L		
12/12/05	A050168	Preaward Review of Multiple Award Schedule Contract Extension: MDI Security Systems, Contract Number GS-07F-7840C		

Appendix II—Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
12/12/05	A050243	Preaward Review of Multiple Award Schedule Contract Extension: Community Research Associates, Inc., Contract Number GS-10F-0088L		
12/15/05	A050099	Preaward Review of Multiple Award Schedule Contract Extension: The Wackenhut Corporation, Contract Number GS-07F-0382K		
12/19/05	A050207	Preaward Review of Multiple Award Schedule Contract Extension: State Industrial Products, Contract Number GS-06F-0004L		
12/20/05	A050214	Preaward Review of Multiple Award Schedule Contract Extension: Safety-Kleen Systems, Inc., Contract Number GS-07F-0122L		
12/28/05	A050231	Preaward Review of Multiple Award Schedule Contract Extension: West Publishing Corporation, Contract Number GS-02F-0405D		
12/30/05	A050176	Preaward Review of Multiple Award Schedule Contract Extension: E.F. Johnson Company, Contract Number GS-35F-0675K		
01/12/06	A060046	Preaward Review of Multiple Award Schedule Contract Extension: Med-Eng Systems, Inc., Contract Number GS-07F-9145D		
01/18/06	A050220	Preaward Review of Multiple Award Schedule Contract Extension: MVM, Inc., Contract Number GS-07F-0366K		
01/20/06	A050193	Preaward Review of Multiple Award Schedule Contract Extension: Sun Microsystems, Inc., Contract Number GS-35F-0702J		

Appendix II–Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
01/26/06	A050122	Preaward Review of Multiple Award Schedule Contract Extension: Fastenal Company, Contract Number GS-06F-0039K		
01/30/06	A050241	Preaward Review of Multiple Award Schedule Contract Extension: National Security Research, Inc., Contract Number GS-23F-0416K		
02/09/06	A060001	Preaward Review of Multiple Award Schedule Contract Extension: Paradigm Technologies, Inc., Contract Number GS-35F-0361K		
02/14/06	A050079	Preaward Review of Multiple Award Schedule Contract Extension: Johnson Controls, Inc., Contract Number GS-07F-7823C		
02/21/06	A060071	Preaward Review of Multiple Award Schedule Contract Extension: Riverside Research Institute, Contract Number GS-23F-0134L		
03/02/06	A050235	Preaward Review of Multiple Award Schedule Contract Extension: Research Triangle Institute, Contract Number GS-10F-0097L		
03/02/06	A050098	Limited Scope Review of Multiple Award Schedule Contract Number GS-07F-0352K for the Period October 1, 2003 Through March 31, 2005: Coastal International Security, Incorporated		\$53,960
03/06/06	A050257	Preaward Review of Multiple Award Schedule Contract Extension: Innovative Emergency Management, Inc., Contract Number GS-10F-0178L		
03/08/06	A050223	Preaward Review of Multiple Award Schedule Contract Extension: Advantor Systems Corporation, Contract Number GS-07F-8785D		

Appendix II—Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
03/14/06	A060003	Preaward Review of Multiple Award Schedule Contract Extension: Beta Analytics International, Inc., Contract Number GS-07F-0190L		
03/16/06	A050233	Preaward Review of Multiple Award Schedule Contract Extension: Nortel Networks, Inc., Contract Number GS-35F-0140L		
03/16/06	A060017	Preaward Review of Multiple Award Schedule Contract Extension: American Hotel Register Company, Contract Number GS-07F-0294K		
03/16/06	A060078	Interim Postaward Review of Multiple Award Schedule Contract: State Industrial Products, Contract Number GS-06F-0004L		\$5,222,352
03/17/06	A060088	Preaward Review of Multiple Award Schedule Contract Extension: L-3 Communications, Contract Number GS-07F-9059D		
03/28/06	A050255	Preaward Review of Multiple Award Schedule Contract Extension: Advanced Information Engineering Services, Inc., Contract Number GS-10F-0237L		
<i>FTS Internal Audits</i>				
01/23/06	A050008	Review of Connections Program Contract, Federal Acquisition Service		
03/01/06	A050163	Hotline Complaint - GSA Preferred		
<i>FTS Contract Audits</i>				
11/14/05	A050240	Limited Scope Postaward Review of Billings for L-3 Communications, Inc., Contract Number GS-07F-5377P, Task Order Number 5TP5704D005		

Appendix II–Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
01/05/06	A050247	Preaward Review of Price Adjustment Claim: Lockheed Martin Information Technology, Task Order Number 103BK0034, Contract Number GS-35F-4039G		
01/09/06	A050199	Review of Contract Costs Incurred: Mitretek Systems, Inc., Contract Numbers GS00K95NSC0018 & GS00T00NSD0004		
03/30/06	A050248	Postaward Review of Lease Costs and Pricing Data: Information Systems Support, Incorporated, Contract Number GS-09K-BHD-0006		\$2,471,962

Other Internal Audits

11/04/05	A050249	Limited Audit of the Fiscal Year 2005 Federal Managers' Financial Integrity Act Section 2 and Section 4 Assurance Statements		
11/08/05	A050262	Report on Internal Controls Over Performance Measures		
01/19/06	A050181	FY 2005 Office of Inspector General Information Security Analysis of the Payroll Accounting and Reporting System		
01/19/06	A050182	FY 2005 Office of Inspector General Information Security Analysis of the National Electronic Accounting and Reporting System		
01/19/06	A050183	FY 2005 Office of Inspector General Information Security Analysis of the Carlson Wagonlit eTravel System		
01/19/06	A050185	FY 2005 Office of Inspector General Information Security Analysis of the Electronic Data Systems eTravel System		
01/19/06	A050184	FY 2005 Office of Inspector General Information Security Analysis of the Northrop Grumman Mission Systems eTravel System		

Appendix II–Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
01/19/06	A050222	FY 2005 Office of Inspector General Information Security Analysis of the Region 3 PBS LAN		
01/19/06	A050229	FY 2005 Office of Inspector General Information Security Analysis of the eOffer System		
01/19/06	A050230	FY 2005 Office of Inspector General Information Security Analysis of GSA's Wide Area Backbone Network		
01/19/06	A050228	FY 2005 Office of Inspector General Information Security Analysis of the Sales Automation System		
01/19/06	A050201	FY 2005 Office of Inspector General Information Security Analysis of the Region 9 PBS/FTS LAN		
02/28/06	A050192	Audit of the General Services Administration's Fiscal Years 2005 and 2004 Financial Statements		
02/28/06	A050192	PricewaterhouseCoopers LLP Fiscal Year 2005 EDP Management Recommendation Letter		
03/29/06	A050196	Review of FSS-19 Information Technology System Contingency Planning		
03/30/06	A040127	Review of the Federal Procurement Data System - Next Generation (FPDS-NG)		

Non-GSA Internal Audits

11/08/05	A050192	Report on Applying Agreed - Upon Procedures Re: FY 2005 Environmental Liabilities		
11/14/05	A050192	Report on Applying Agreed - Upon Procedures Re: FY 2005 Loss Contingencies		

Appendix III—Audit Reports over 12 Months Old with Final Action Pending

Pursuant to Section 810, Prompt Resolution of Audit Recommendations, of the National Defense Authorization Act, (Public Law 104-106), 5 U.S.C. App. 3, § 5 note, this appendix identifies those audit reports where final actions remain open 12 months after the report issuance date. The GSA Office of the Chief Financial Officer, Office of the Controller, furnished the following information.

Audits with Management Decisions Made after February 10, 1996 for Which No Final Action Has Been Completed

The most common causes for more than 12 months delay in completing final actions are: continuing negotiations of a contract proposal, litigative proceedings, or corrective actions that need to undertake complex and often phased-in implementing actions before the entire matter is addressed fully.

Date of Report	Audit Number	Title
03/21/97	A70632	Preaward Audit of Change Order Proposal: Expert Electric, Inc., Contract Number GS-02P-94-CUC-0033(N)
06/27/97	A71811	Audit of Claim for Increased Costs, Miscellaneous Subcontractors to: Morse Diesel International, Inc., Contract Number GS06P94GYC0037
07/11/97	A71803	Audit of Claim for Increased Costs: Nicholson Construction Company, Contract Number GS06P94GYC0037
07/22/97	A71804	Audit of Claim for Increased Costs: Rodio/ICOS St. Louis Joint Venture, Subcontractor to Morse Diesel International, Inc., Contract Number GS06P94GYC0037
07/31/97	A71820	Audit of Claim for Increased Costs: Morse Diesel International, Inc., Contract Number GS06P94GYC0037
08/05/97	A73617	Refund From The Committee For Purchase From People Who Are Blind Or Severely Disabled, Agreement Number GS-02F-61511
02/05/98	A80609	Preaward Audit of a Delay Claim: The Woodworks Architectural Millwork, Inc., Subcontractor to Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)
05/27/98	A42146	Postaward Audit of Multiple Award Schedule Contract: Haworth, Incorporated, Contract Number GS-00F-07010
06/17/98	A82441	Preaward Audit of a Claim for Increased Costs: Morse Diesel International, Inc., Contract Number GS-09P-95-KTC-0010
09/04/98	A990302	Postaward Audit of Multiple Award Schedule Contract: Westinghouse Furniture Systems, Contract Number GS-00F-76574
02/05/99	A995113	Preaward Audit of Supplemental Architect and Engineering Services Contract: Van Deusen & Associates, Solicitation Number GS-02P-98-PLD-0029(N)

Appendix III—Audit Reports over 12 Months Old with Final Action Pending

Date of Report	Audit Number	Title
03/24/99	A995128	Preaward Audit of Cost or Pricing Data: Sachs Electric Company, Subcontractor to Morse Diesel International, Inc., Contract Number GS06P95GZC0501
06/24/99	A995231	Audit of Small Business Subcontracting Plan: Rael Automatic Sprinkler Company, GS-02P-95-DTC-0041(N)
07/07/99	A995249	Audit of Small Business Subcontracting Plan: L. Martone and Sons, Inc., Contract Number GS-02P-95-DTC-0041(N)
10/13/99	A995262	Preaward Audit of a Claim: Metropolitan Steel Industries, Inc., Subcontractor to Turner Construction Company, Contract GS-02P-95-DTC-0014(N)
10/26/99	A995278	Preaward Audit of a Claim: Midlantic Erectors, Inc., Subcontractor to Metropolitan Steel Industries, Inc., Contract Number GS-02P-95-DTC-0014(N)
11/04/99	A995272	Preaward Audit of a Claim: Metropolitan Steel Industries, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014(N)
11/10/99	A995271	Preaward Audit of Architect and Engineering Services Contract: HLW International LLP, Contract Number GS-02P-93-CUC-0062
03/29/00	A81830	Postaward Audit of Standardization and Control of Industrial-Quality Tools Contract: Wright Tool Company, Contract Number GS-00F-14609 for the Period March 8, 1991 Through February 29, 1996
03/29/00	A995122	Postaward Audit of Standardization and Control of Industrial-Quality Tools Contract: Wright Tool Company, Contract Number GS-00F-14609 for the Interim Period March 1, 1996 Through April 30, 1998
06/01/00	A000971	Audit of Claims for Increased Costs: Midwest Curtainwalls, Inc., The Federal Triangle Project
07/19/00	A000940	Preaward Audit of a Claim: Coken Company, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
08/24/00	A000941	Preaward Audit of a Claim: Centrifugal/Mechanical Associates, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
10/17/00	A001024	Preaward Audit of a Claim: Canron Fabrication Corp., Second-Tier Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
10/30/00	A000942	Preaward Audit of a Claim: Centrifugal/Mechanical Associates, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
01/10/01	A001021	Postaward Audit of Multiple Award Schedule Contract: Merant, Inc. for the Interim Period March 26, 1999 Through September 30, 2000, Contract Number GS-35F-0322J

Appendix III—Audit Reports over 12 Months Old with Final Action Pending

Date of Report	Audit Number	Title
01/29/01	A000909	Preaward Audit of a Claim: Turner Construction Company, Contract Number GS-02P-95-DTC-0014
02/08/01	A010089	Audit of a Claim for Increased Costs: Palafox Street Associates, L.P., Federal Courthouse, Pensacola, FL, Lease Number GS-04B-35055
03/20/01	A001119	Audit of Forward Pricing Rates: J.A. Jones-GMO, LLC, Contract Number GS-02P-99-DTC-0006 & GS-02P-98-DTC-0088
03/29/01	A010169	Preaward Audit of Cost Plus Fixed Fee IDIQ Proposal: RS Information Systems, Inc., Solicitation Number GSC-TFMGD-00-3006
04/30/01	A010127	Audit of Billings under Contract Number GS06P99GZC0315: DKW Construction, Inc.
05/11/01	A010128	Preaward Audit of a Change Order Proposal: D.A.G. Floors, Inc., Subcontractor to J. Kokolakis Contracting, Inc., Contract Number GS-02P-98-DTC-0056N
05/23/01	A010160	Preaward Audit of Cost or Pricing Data: John Milner Associates, Inc., Solicitation Number 2PCB-CM-010174
07/31/01	A001055	Preaward Audit of a Claim: Heritage Air Systems, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
08/14/01	A010222	Preaward Audit of Architect and Engineering Proposal: Perkins and Will, Inc., Solicitation Number GS-09P-00-KTC-0088
10/18/01	A63630	Postaward Audit of Multiple Award Schedule Contract: The Presidio Corporation, Contract Number GS00K-95-AGS-6170, Contract Period April 1, 1995 through March 31, 1996
10/31/01	A010265	Preaward Audit of Architect and Engineering Services Contract; HNTB District of Columbia Architecture, P.C., Solicitation Number GS-11P-00-MQC-0041
12/18/01	A001123	Postaward Audit of Multiple Award Schedule Contract: Rose Talbert Paint Company, Contract Number GS-10F-48584, for the Period May 9, 1988 through April 30, 1991
01/11/02	A010281	Preaward Audit of a Claim for Increased Costs: Lawson Mechanical Contractors, Subcontractor to Morse Diesel International, Inc., New U.S. Courthouse & Federal Building, Sacramento, California, Contract Number GS-09P-95-KTC-0032
02/20/02	A010138	Preaward Audit of a Claim: Heritage Air Systems, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
04/03/02	A010263	Preaward Audit of a Claim: Island ADC, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014

Appendix III—Audit Reports over 12 Months Old with Final Action Pending

Date of Report	Audit Number	Title
04/11/02	A60648	Postaward Audit of Multiple Award Schedule Contract: Gaylord Bros., Contract Numbers GS-00F-3918A & GS-00F-3919A
04/18/02	A010248	Preaward Audit of a Claim: LBL Skysystems, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
04/26/02	A010262	Preaward Audit of a Claim: Coken Company, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
04/30/02	A020101	Preaward Audit of a Claim, Additional Change Items: Turner Construction Company, Contract Number GS-02P-95-DTC-0014
05/16/02	A020115	Limited Scope Audit of a Termination Claim: Patriot Group Contractors, Inc., Contract Number GS-11P-99-MAC-0006
05/17/02	A020125	Audit of Acceleration Costs: J. Kokolakis Contracting, Inc., Contract Number GS-02P-98-DTC-0056N
05/17/02	A020134	Audit of Delay Costs: J. Kokolakis Contracting, Inc., Contract Number GS-02P-98-DTC-0056N
05/29/02	A020109	Preaward Audit of a Claim: Schindler Elevator Corporation, Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
05/29/02	A020124	Preaward Audit of a Claim for Increased Costs: Res-Com Insulation, Inc., Subcontractor to Morse Diesel International, Inc., New U.S. Courthouse & Federal Building, Sacramento, California, Contract Number GS-09P-95-KTC-0032
06/12/02	A020097	Preaward Audit of a Claim for Increased Costs: Artisans G & H Fixtures, Inc., Subcontractor to Morse Diesel International, Inc., New U.S. Courthouse & Federal Building, Sacramento, California, Contract Number GS-09P-95-KTC-0032
06/27/02	A010239	Preaward Audit of a Claim: Turner Construction Company, Contract Number GS-02P-95-DTC-0014
07/16/02	A020191	Preaward Audit of Supplemental Architect and Engineering Contract: McMullan & Associates, Inc., Solicitation Number GS-11P-01-YTD-0319
07/30/02	A020086	Preaward Audit of a Claim for Increased Costs: Raymond Interior Systems North, Subcontractor to Morse Diesel International, Inc., New U.S. Courthouse & Federal Building, Sacramento, California, Contract Number GS-09P-95-KTC-0032
08/07/02	A020173	Preaward Audit of a CQM Proposal: CCJN & Company, Architects & Planners, P.C., Requisition/Procurement Request Number 2PMC-U-02-CQM
09/04/02	A020180	Preaward Audit of Architect and Engineering Services Contract: Adtek Engineering, Inc., Solicitation Number GS-11P-01-YTD-0319

Appendix III—Audit Reports over 12 Months Old with Final Action Pending

Date of Report	Audit Number	Title
09/24/02	A020196	Preaward Audit of Architect and Engineering Services Contract: BEI Structural Engineers, Inc., Solicitation Number GS-11P-01-YTD-0319
09/26/02	A020201	Preaward Audit of a Claim: Almar Plumbing and Heating Corp., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
10/02/02	A020178	Preaward Audit of Multiple Award Schedule Contract Modification: Motorola, Inc., GSA Contract Number GS-35F-0004L
11/14/02	A020223	Preaward Audit of a Claim: Fine Painting Co., Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
11/20/02	A010279	Preaward Audit of a Claim for Increased Costs: Morse Diesel International, Inc., U.S. Courthouse & Federal Building, Sacramento, California, Contract Number GS-09P-95-KTC-0032
01/03/03	A020242	Preaward Audit of Cost and Pricing Data: Stronghold Engineering, Inc., Solicitation Number GS-09P-02-KTC-0069
01/30/03	A020248	Audit of Claim for Increased Costs: Doan/Lake Erie LLC, Contract Number GS-05P-99-GBC-0012
03/14/03	A020197	Preaward Audit of a Claim: Rael Automatic Sprinkler Co., Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
03/21/03	A020133	Preaward Audit of a Claim for Increased Costs: Cosco Fire Protection, Inc., Subcontractor to Morse Diesel International, Inc., U.S. Courthouse & Federal Building, Sacramento, California, Contract Number GS-09P-95-KTC-0032
03/25/03	A030140	Limited Scope Review of Termination Claim: Science Applications International Corporation, Contract Number GS-35F-4461G, Task Order Number T0002SJ0159
05/02/03	A030106	Preaward Audit of a Claim for Increased Costs: George Foss Company, Subcontractor to Morse Diesel International, Inc., New U.S. Courthouse & Federal Building, Sacramento, California, Contract Number GS-09P-95-KTC-0032
05/06/03	A030142	Preaward Audit of Construction Management Services Contract: Gilbane Building Company, Solicitation Number GS-02P-02-DTC-0031N
05/19/03	A030092	Preaward Audit of a Termination Settlement Proposal: L&H Construction Co., Inc., Contract Number GS-02P-99-DTC-0013
05/29/03	A020230	Preaward Audit of a Claim for Increased Costs: C.E. Toland & Son, Subcontractor to Morse Diesel International, Inc., U.S. Courthouse & Federal Building, Sacramento, California, Contract Number GS-09P-95-KTC-0032
06/02/03	A030138	Audit of Claim for Increased Costs: Hunt Construction Group, Inc., Contract Number GS-05P-96-GBC-0015

Appendix III—Audit Reports over 12 Months Old with Final Action Pending

Date of Report	Audit Number	Title
07/02/03	A030163	Preaward Audit of Multiple Award Schedule Contract Extension: Information Network Systems, Inc., Contract Number GS-35F-5002H
08/08/03	A030177	Review of Incurred Costs: Jacobs Facilities, Inc., Contract Number GS-11P-98-MYD-0015
09/23/03	A030236	Preaward Audit of Architect and Engineering Services Contract: Atkinson Koven Feinberg Engineers, LLP, Consultant to Perkins Eastman Architects, PC, Solicitation Number GS-02P-03-DTD-0008(N)
09/29/03	A030152	Preaward Audit of a Claim: J.A. Jones Construction Group, LLC, Contract Number GS-02P-99-DTC-0006
09/30/03	A030264	Preaward Audit of Cost and Pricing Data: Kelly's Cleaning Services, Inc., Solicitation Number GS-02P-03-PIC-0028
10/09/03	A030247	Preaward Audit of Architect and Engineering Design Services Contract: Syska Hennessy Group, Inc., Solicitation Number GS11P02MKC0057
10/09/03	A030248	Preaward Audit of Architect and Engineering Design Services Contract: STUDIOS Architecture, Solicitation Number GS11P02MKC0057
10/09/03	A030250	Preaward Audit of Architect and Engineering Design Services Contract: Thorton-Tomasetti-Cutts LLC, Solicitation Number GS11P02MKC0057
10/09/03	A030244	Preaward Audit of Architect and Engineering Design Services Contract: Shalom Baranes Associates, Solicitation Number GS11P02MKC0057
10/16/03	A030225	Preaward Audit of Claim: AMEC Construction Management, Inc., Contract Number GS-11P96MKC0015
11/04/03	A030261	Preaward Audit of Architect and Engineering Services Contract: Perkins Eastman Architects, P.C., Solicitation Number GS-02P-03-DTD-0008(N)
12/05/03	A030241	Audit of Claim for Increased Costs: BPI Mechanical, Inc., Subcontractor to AMEC Construction Management, Inc., Contract Number GS-11P-96-MKC-0015
12/17/03	A030168	Preaward Audit of Multiple Award Schedule Contract: Dynamic Systems, Inc., Solicitation Number FCIS-JB-980001B
12/17/03	A040001	Preaward Audit of Multiple Award Schedule Contract: Concord Communications, Incorporated, Solicitation Number FCIS-JB-980001B
12/31/03	A030172	Preaward Audit of a Claim: Cord Contracting Co., Inc., Subcontractor to J.A. Jones Construction Group, LLC, Contract Number GS-02P-99-DTC-0006(N)
12/31/03	A030215	Preaward Audit of a Claim: A&L Construction Corporation, Subcontractor to J.A. Jones Construction Group, LLC, Contract Number GS-02P-99-DTC-0006(N)

Appendix III—Audit Reports over 12 Months Old with Final Action Pending

Date of Report	Audit Number	Title
01/12/04	A040067	Audit of Claim for Increased Costs: C.J. Coakley Co., Inc., Subcontractor to AMEC Construction Management, Inc., Contract Number GS-11P-96-MKC-0015
01/12/04	A040098	Preaward Audit of Supplemental Architect and Engineering Services Contract: Gonzalez Hasbrouck, Inc., Solicitation Number GS-05P-03-GBD-0072
01/13/04	A030265	Interim Audit of Multiple Award Schedule Contract: BearingPoint, LLC, Contract GS-23F-9796H
01/15/04	A030155	Preaward Audit of a Claim: LBL Skysystems, Inc., Subcontractor to J.A. Jones Construction Group, LLC, Contract Number GS-02P-99-DTC-0006(N)
01/16/04	A030234	Preaward Audit of a Claim: KSW Mechanical Services, Inc., Subcontractor to J.A. Jones Construction Group, LLC, Contract Number GS-02P-99-DTC-0006(N)
01/29/04	A030223	Preaward Audit of Claim: John J. Kirlin, Inc., Subcontractor to AMEC Construction Management, Inc., Contract Number GS-11P96MKC0015
02/03/04	A040119	Attestation Review of Supplemental Architect and Engineering Services Contract: Julie Snow Architects, Inc., Solicitation Number GS-05P-03-GBD-0072
03/01/04	A030259	Preaward Audit of a Claim: Airflex Industrial Inc., Subcontractor to J.A. Jones Construction Group, LLC, Contract Number GS-02P-99-DTC-0006(N)
03/09/04	A040162	Price Adjustments on Multiple Award Schedule Contract: Nova Solutions, Inc., Contract Number GS-29F-0173G, for the Interim Period April 1, 2004 Through September 30, 2006
03/09/04	A030186	Postaward Audit of Multiple Award Schedule Contract: Nova Solutions, Inc., Contract Number GS-29F-0173G, for the Contract Period December 12, 1996 Through October 31, 2003
03/23/04	A030191	Preaward Audit of a Claim: Five Star Electric Corp., Subcontractor to J.A. Jones Construction Group, LLC, Contract Number GS-02P-99-DTC-0006(N)
03/31/04	A030230	Preaward Attestation Review of a Claim: Singleton Electric Company, Inc., a Subcontractor to AMEC Construction Management, Inc., Contract Number GS-11P-96-MKC-0015
06/03/04	A040091	Audit of Claim for Increased Costs: Industrial First, Inc., Subcontractor to Hirschfeld Steel Co., Inc., Contract Number GS-05P-97-GBC-0011
06/08/04	A040165	Audit of Claim for Increased Costs: Industrial First, Inc., Subcontractor to Ajay Glass & Mirror Co., Inc., Contract Number GS-05P-97-GBC-0011
06/09/04	A040095	Preaward Audit of a Termination Settlement Proposal: M.L. Benjamin Enterprises, Inc., Contract Number GS-02P-00P-VC-0024

Appendix III—Audit Reports over 12 Months Old with Final Action Pending

Date of Report	Audit Number	Title
06/15/04	A040095	Audit of Final Contract Payment: M.L. Benjamin Enterprises, Inc., Contract Number GS-02P-00P-VC-0024
06/21/04	A020220	Interim Postaward Review of Multiple Award Schedule Contract: Kipper Tool Company, Contract Number GS-06F-0018L
06/28/04	A040085	Limited Scope Postaward Audit of Multiple Award Schedule Contract: Onboard Software, Inc., Contract Number GS-35F-0117J
06/30/04	A040116	Preaward Review of Multiple Award Schedule Contract Extension: Booz Allen Hamilton Inc., Contract Number GS-35F-0306J
07/01/04	A040143	Review of Claim for Increased Costs: SimplexGrinnell, LP, GS-05P-99-GBC-0015
07/12/04	A040125	Attestation Engagement Review of A/E Services Contract: Cannon Design, Inc., Solicitation Number GS-02P-03-DTC-0003
07/15/04	A040053	Attestation Engagement Review of Supplemental Construction Management Services Contract: Jacobs Facilities Inc., Solicitation Number GS-02P-03-DTD-0030(N)
07/23/04	A040196	Preaward Review of Architect and Engineering Services Contract: Systech Group, Inc. - Security Solicitation Number GS11P03MKC0004
07/23/04	A040197	Preaward Review of Architect and Engineering Services Contract: Systech Group, Inc., Fire Protection & Life Safety, Solicitation Number GS11P03MKC0004
08/05/04	A040198	Preaward Review of Architect and Engineering Services Contract: URS Corporation, Solicitation Number GS11P03MKC0004
08/13/04	A040166	Preaward Review of Multiple Award Schedule Contract: GovConnection, Incorporated, Solicitation Number FCIS-JB-980001B
08/31/04	A030158	Preaward Audit of a Claim: ADF Steel Corp., Subcontractor to J.A. Jones Construction Group, LLC, Contract Number GS-02P-99-DTC-0006(N)
09/21/04	A040236	Attestation Review of Architect and Engineering Design Services Contract: Richard Fleischman Architects, Inc., Contract Number GS-05P-03-GBC-0096
10/12/04	A040190	Review of a Claim: Peterson Geller Spurge, Inc., Subcontractor to J.A. Jones Construction Group, LLC, Contract Number GS-02P-99-DTC-0006(N)
10/14/04	A040192	Preaward Review of Multiple Award Schedule Contract Extension: US Investigations Services, Professional Services Division, Incorporated, Contract Number GS-07F-0385J

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Date of Report	Audit Number	Title
10/18/04	A040238	Attestation Review of Architect and Engineering Design Services Contract: Westlake Reed Leskosky, Consultant to Richard Fleischman Architects, Inc., Contract Number GS-05P-03-GBC-0096
10/28/04	A040161	Preaward Audit of a Claim: Artex Systems Inc., Subcontractor to J.A. Jones Construction Group, LLC, Contract Number GS-02P-99-DTC-0006(N)
10/29/04	A040211	Preaward Review of Multiple Award Schedule Contract Extension: Allsteel Inc., Contract Number GS-28F-0010J
11/10/04	A030200	Preaward Review of Multiple Award Schedule Contract: Skillssoft Public Limited Company, Contract Number GS-35F-0099J
11/23/04	A040150	Preaward Review of Multiple Award Schedule Contract Extension: Austin Info Systems, Inc., Contract Number GS-35F-0559J
12/15/04	A040232	Preaward Review of Multiple Award Schedule Contract: Electronic Data Systems Corporation, Contract Number GS-35F-0323J
12/17/04	A040217	Preaward Review of Multiple Award Schedule Contract Extension: BAE Systems Applied Technologies Inc., Contract Number GS-23F-0005K
12/22/04	A050081	Review of A/E Services Contract: Davis Brody Bond, LLP, Solicitation Number GS-02P-04-DTC-0023(N)
12/23/04	A050072	Review of A/E Services Contract: Flack + Kurtz, Inc., Consultant to Beyer Blinder Belle Architects & Planners, LLP, Solicitation Number GS-02P-04-DTC-0023(N)
12/30/04	A040254	Attestation Engagement Review of Claim for Increased Costs: Mitchell Enterprises, Inc., Contract Number GS-07P-00-UJC-0007
12/30/04	A050083	Attestation Engagement Review of Claim for Increased Costs: LDI Metalworks, Inc., Subcontractor to Mitchell Enterprises, Inc., Contract Number GS-07P-00-UJC-0007
01/04/05	A050071	Review of A/E Services Contract: Beyer Blinder Belle Architects & Planners, LLP, Solicitation Number GS-02P-04-DTC-0023(N)
01/04/05	A040255	Review of Information Systems Support, Inc.'s Billings for Task Order Number GS10TR-00EBF-2546 Under GSA Contract Number GS-06K-97-BND-0710
01/05/05	A040212	Preaward Review of Multiple Award Schedule Contract Extension: ManTech Advanced Systems International, Inc., Contract Number GS-23F-0122J
01/20/05	A050034	Review of Construction Management Services Contract: Bovis Lend Lease LMB Inc., Solicitation Number GS-02P-04-DTC-0028(N)

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Date of Report	Audit Number	Title
01/21/05	A040229	Preaward Review of Multiple Award Schedule Contract Extension: DigitalNet Government Solutions, LLC, Contract Number GS-35F-0045K
01/25/05	A040244	Preaward Review of Architect and Engineering Design Services Proposal: JVP Engineers, PC, Solicitation Number GS-11P-03-MKC-0004
01/25/05	A040245	Preaward Review of Architect and Engineering Design Services Proposal: JVP Engineers, PC, Solicitation Number GS-11P-03-MKC-0004
01/28/05	A050087	Review of A/E Services Contract: Richard Dattner & Partners Architects PC, Solicitation Number GS-02P-04-DTC-0031
01/31/05	A050056	Preaward Review of Multiple Award Schedule Contract Extension, January 31, 2005 Through January 30, 2010: Tybrin Corporation, Contract Number GS-23F-0109K
03/11/05	A050097	Review of Construction Management Services Contract: Bovis Lend Lease, Inc., Solicitation Number GS-02P-04-DTC-0048(N)
03/17/05	A050117	Preaward Review of Change Order Proposal: Dick/Morganti, a Joint-Venture, Modification (Instruction Bulletin) Number 11, Contract Number GS-09P-02-KTC-0002
03/25/05	A050094	Review of a Claim for Increased Costs: Absher Construction Company, Seattle U.S. Courthouse, Contract Number GS-10P-01-LTC-0011
03/28/05	A050104	Review of Construction Management Services Contract: Imperial Construction Group, Inc., Solicitation Number GS-02P-04-DTC-0048(N)
03/28/05	A050114	Review of Construction Management Services Contract: Gilbane Building Company, Solicitation Number GS-02P-04-DTC-0048(N)
03/31/05	A050091	Review of A/E Services Contract: Richard McElhiney Architect LLC, Solicitation Number GS-02P-04-DTC-0031

Appendix III—Audit Reports over 12 Months Old with Final Action Pending

Date of Report	Audit Number	Title	Projected Final Action Date
<i>Internal Audits</i>			
07/15/99	A82706	PricewaterhouseCoopers LLP Management Letter, Fiscal Year 1998 Financial Statement Audit	Open
09/27/01	A010110	Review of GSA's Natural Gas Program, Public Buildings Service	04/15/06
09/30/02	A020056	Audit of Controls Over Reimbursable Work Authorizations Billing Practices in the Greater Southwest Region	06/15/06
03/18/03	A020161	Audit of the Consolidation of Distribution Center Operations: Impact on Shipment Costs & Delivery Times	04/15/06
03/31/04	A030110	Audit of the General Services Administration's Fiscal Years 2003 and 2002 Financial Statements	Open
08/05/04	A020245	Review of FedBizOpps	05/15/06
09/21/04	A040099	Review of GSA's Awards Program	04/15/06
12/07/04	A040109	PricewaterhouseCoopers LLP Fiscal Year 204 Information Technology Management Letter	Open
03/28/05	A040132	Audit of FTS Working Capital/Reserve Fund Levels	06/15/06
03/30/05	A040089	Limited Review of Contract Administration Task Order Number P1102MA0249	08/15/06
03/31/05	A040159	Improvements Needed in Management, Operational, and Technical Controls for PBS' STAR System	04/15/06

Appendix IV—Delinquent Debts

The GSA Office of the Chief Financial Officer provided the following information.

GSA Efforts to Improve Debt Collection

During the period October 1, 2005 through March 31, 2006, the following activities were undertaken by GSA in an effort to improve debt collection and reduce the amount of debt written off as uncollectible.

- From October 1, 2005 to March 31, 2006, the GSA Finance Centers referred approximately \$1.7 million of delinquent non-Federal claims to the Department of the Treasury (Treasury) for collection. Collections on non-Federal claims exceeded \$58.7 million. Administrative offsets have resulted in additional collections of \$8.6 million. GSA also collects non-Federal claims using Pre-Authorized Debits (PADs). From October 1, 2005 to March 31, 2006, 81 PADs totaling \$46,024 were processed.
- To comply with the Debt Collection Improvement Act of 1996, GSA transmits delinquent claims each month to Treasury, Financial Management Service for collection.
- Claims procedures have been revised to improve claims management and control. Changes include increases in telephone follow-up contacts with both vendors and GSA managers and field personnel to obtain and resolve issues, more consistent and timely delinquency notices by letter, and increased efforts to identify invoice offsets. We expect these administrative adjustments will result in faster claim resolutions.
- We were able to collect several older bills from various National Institute for the Blind/National Institute for the Severely Handicapped (NIB/NISH) organizations. As a result, the amount of outstanding accounts receivable from NIB/NISH customers has dropped from \$2.5 million as of September 2, 2005 to \$2 million as of March 31, 2006.
- As of March 31, 2006, the District of Columbia (DC) Government did not owe any supply bills to GSA over 2 years old. This is a significant decrease from the \$111,285 they owed as of September 21, 2005. There was a \$34,980 bill paid on March 30, 2006 that dated back to October 20, 2001. The GSA Automotive Acquisition Center had stopped accepting orders for non-emergency vehicles from the DC Government until this bill was paid. The DC Government's desire to order new vehicles was the impetus for getting this bill paid. A listing of all outstanding supply bills is sent monthly to the DC Government's Inspector General and Chief Financial Officer.
- On March 3, 2006, we received \$4,139,219 from the Department of Justice (DOJ) for a fraud case against Office Depot. The total amount collected was \$4,267,236 less the DOJ 3 percent fee \$128,017. The payment was made to settle claims that related to a GSA Multiple Awards Contract, and was deposited in Treasury's miscellaneous receipts (fund 0890 SGL 5900.01 Other Revenue).
- On October 1, 2005, Treasury implemented the new FedDebt System to all Federal program agencies to collect delinquent Federal debts. The new system has replaced the former Debt Management Servicing Center system. Benefits of FedDebt include online access, financials (i.e., allow better reporting of transaction types, and report financials online and by batch), grouping debts for a debtor together (servicing advantages—disputes, agency referrals, etc.), and the ability to better manage joint and several liability debts. In January 2006, GSA started receiving payments from FedDebt. The first file of claims successfully transmitted from GSA and recorded in FedDebt occurred on March 3, 2006.
- Hurricane Katrina has created tremendous problems for many citizens. GSA, through Treasury, suspended collection action for 120 days against debtors living in the disaster area. On January 19, 2006, GSA asked Treasury to resume collection in areas affected by the hurricane.

Appendix IV—Delinquent Debts

Non-Federal Accounts Receivable

	As of October 1, 2005	As of March 31, 2006	Difference
Total Amounts Due GSA	\$155,957,756	\$347,640,439	\$191,682,683
Amounts Delinquent	\$29,789,538	\$81,240,176	\$51,450,638
Total Amount Written Off as Uncollectible Between 10/1/05 and 3/31/06	\$2,931,088		

Appendix V—Reporting Requirements

The table below cross-references the reporting requirements prescribed by the Inspector General Act of 1978, as amended, to the specific pages where they are addressed. The information requested by the

Congress in Senate Report No. 96-829 relative to the 1980 Supplemental Appropriations and Rescission Bill and the National Defense Authorization Act is also cross-referenced to the appropriate page of the report.

Requirement	Page
Inspector General Act	
Section 4(a)(2) – Review of Legislation and Regulations	33
Section 5(a)(1) – Significant Problems, Abuses, and Deficiencies	2, 17
Section 5(a)(2) – Recommendations with Respect to Significant Problems, Abuses, and Deficiencies	2, 17
Section 5(a)(3) – Prior Recommendations Not Yet Implemented	45
Section 5(a)(4) – Matters Referred to Prosecutive Authorities	40
Sections 5(a)(5) and 6(b)(2) – Summary of Instances Where Information Was Refused	None
Section 5(a)(6) – List of Audit Reports	48
Section 5(a)(7) – Summary of Each Particularly Significant Report	2, 17
Section 5(a)(8) – Statistical Tables on Management Decisions on Questioned Costs	39
Section 5(a)(9) – Statistical Tables on Management Decisions on Recommendations That Funds Be Put to Better Use	38
Section 5(a)(11) – Description and Explanation for Any Significant Revised Management Decision	None
Section 5(a)(12) – Information on Any Significant Management Decisions with Which the Inspector General Disagrees	None
Senate Report No. 96-829	
Resolution of Audits	37
Delinquent Debts	68
National Defense Authorization Act, Public Law 104-106, 5 U.S.C. App. 3, § 5 note	57

Appendix VI—OIG Offices and Key Officials

Office of the Inspector General

Inspector General, Brian D. Miller (J)(202) 501-0450
Acting Deputy Inspector General, Eugene L. Waszily (JD)(202) 501-1362
Advisor, Robert M. Samuels (JX)(202) 501-0450

Office of Counsel to the Inspector General

Acting Counsel to the IG, Virginia S. Grebasch (JC)(202) 501-1932
Deputy Counsel to the IG, Virginia S. Grebasch (JCD)(202) 501-1932

Office of Internal Evaluation

Director, James A. Amoroso (JE)(202) 501-2460

Office of Audits

Acting Assistant IG for Auditing, Andrew Patchan, Jr. (JA)(202) 501-0374
Acting Principal Deputy Assistant IG for Auditing, Andrew A. Russoniello (JAD)(202) 501-0374

Programmatic Audit Office Deputy Assistant Inspectors General for Auditing (DAIGAs)

Finance & Administrative Audit Office, DAIGA Kristin R. Wilson (JA-F)(202) 501-0006
Information Technology Audit Office, DAIGA Gwendolyn A. McGowan (JA-T)(703) 308-1223
Acquisition Programs Audit Office, DAIGA Kenneth L. Crompton (JA-A)(703) 603-0189
Real Property Audit Office, DAIGA Regina M. O'Brien (JA-R)(202) 219-0088

Regional Inspectors General for Auditing (RIGAs)

National Capital Region Field Office, RIGA Paul J. Malatino (JA-W)(202) 708-5340
New England Field Office, RIGA Joseph B. Leland (JA-1)(617) 565-6795
Northeast and Caribbean Field Office, RIGA Joseph M. Mastropietro (JA-2)(212) 264-8620
Mid-Atlantic Field Office, RIGA Glenn D. Merski (JA-3)(215) 446-4840
Southeast Sunbelt Field Office, RIGA James D. Duerre (JA-4)(404) 331-5125

Appendix VI—OIG Offices and Key Officials

Regional Inspectors General for Auditing (RIGAs) *continued*

The Heartland Field Office, RIGA Arthur L. Elkin (JA-6)	(816) 926-7052
Greater Southwest Field Office, RIGA Rodney J. Hansen (JA-7)	(817) 978-2572
Pacific Rim Field Office, RIGA Vacant (JA-9)	(415) 522-2744
Auburn Sub-Office, Audit Manager Larry L. Pellegrini (JA-9/AUB)	(253) 931-7650

Office of Investigations

Acting Assistant IG for Investigations, Charles J. Augone (JI)	(202) 501-1397
Deputy Assistant IG for Investigations, Charles J. Augone (JID)	(202) 501-1397

Special Agents in Charge (SAC)

Washington Zone Office, SAC Gregory G. Rowe (JI-W)	(202) 252-0008
Philadelphia Sub-Office, Special Agent James Barry (JI-W/P)	(215) 446-4830
New York Zone Office, SAC Daniel J. Walsh (JI-2)	(212) 264-7300
Boston Sub-Office, Assistant SAC Joseph J. Dzikczek (JI-2/B)	(617) 565-6820
Chicago Zone Office, SAC Harvey G. Florian (JI-5)	(312) 353-7779
Kansas City Sub-Office, Assistant SAC John F. Kolze (JI-5/KC)	(816) 926-7214
Fort Worth Zone Office, SAC Charles D. Yandell (JI-7)	(817) 978-2589
Atlanta Sub-Office, Assistant SAC Lee P. Quintyne (JI-7/G)	(404) 331-5126
San Francisco Zone Office, SAC Liza Shovar (JI-9)	(415) 522-2755
Auburn Sub-Office, Assistant SAC Terry J. Pfeifer (JI-9/A)	(253) 931-7654

Office of Administration

Assistant IG for Administration, John C. Lebo, Jr. (JP)	(202) 501-2319
Human Resources Division, Director Arrie Etheridge (JPH)	(202) 501-0360
Information Technology Division, Director Margaret A. Hamilton (JPM)	(202) 501-3134
Administrative and Financial Management Division, Director Marta M. Viera (JPF)	(202) 501-2887

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